The CREDIT WORLD

DECEMBER, 1933
Vol. XXII No. 3

THE CREDIT WORLD WISHES YOU A MERRY CHRISTMAS AND A PROSPEROUS NEW YEAR

WE PAUSE in the turmoil of our busy lives to extend to our friends and neighbors the Greetings of the Season: "Merry Christmas and a Happy New Year!"

A year of distress and uncertainty is coming to a close but---with the spirit of Peace and Good Will traditional of Christmastide---may we see the rays of sunshine breaking over the horizon of a New Year!

With faith in our leaders, in our American ideals, our business integrity and our own manhood, may we profit by the lessons of the thousand shams and glittering vanities which have crumbled!

MERRY CHRISTMAS

TREAT YOUR CREDIT AS A SACRED TRUST

NATIONAL RETAIL CREDIT ASSOCIATION

PROSPEROUS NEW YEAR

MAGAZINE - OF RETAIL - CREDIT

The CREDIT WORLD

Official Magazine of the National Retail Credit Association

December, 1933 Vol. XXII No. 3

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EDITORIAL COMMENT

D. J. WOODLOCK

1933 Passes and Congress Convenes

WITH the passing of the year we find the old banking system fading out of the picture. It looks as though we have learned that a banking and credit system controlled by individuals is usually manipulated to enrich those interested and ruin everyone else.

We have seen pyramided and unsound credit, based upon selfish ambition, cause nation-wide misery, unemployment and unrest.

As one witness after another follows on the stand before the Congressional Committee, we learn just why our banking system failed; why credit was destroyed; why our business structure crumbled.

As one "expert" after another gives his remedy, we realize how little most of us know about the nation's business as a whole, but—out of all this will come a new order of banking and credit which will be more stable and equitable and in the interests of all the people.

Let us hope that when Congress assembles next month the members of both houses will, individually and collectively, set aside all political propaganda and deal with the important matter of money and credit with a sincerity of thought and unity of purpose which will speed the upward trend.

» » »

Progress in Community Credit Policy

THE drive of the National Credit Executives' Council of the National Retail Credit Association, to set up a Community Credit Policy as a part of the ethics of sound retailing, has attracted nation-wide attention. In every major city meetings have been held, committees organized and intensive thought given by both credit managers and merchants to fitting the plan to the particular needs and customs of their communities.

It was recognized by the Council that no one plan would suit all, and the suggestions offered were purposely made elastic enough to adjust to any condition, yet not destroy the basic idea of promoting sound and profitable consumer credit and eliminating the abuses which caused the enormous losses of the past.

Where it was found impossible to adopt the plan in its entirety, modifications were made. It is safe to say that as a result of the efforts of the N. R. C. A. and its Credit Executives' Council, retailers are more universally cooperating on safeguarding credit than they were sixty days ago. Even the idea of charging interest on past due accounts is no longer considered a Utopian dream, but is actually being done in many communities.

We congratulate Mr. Leopold Meyer and the committee on the progress made.

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Bankruptcy Law Amendment

IN THIS issue we publish a statement by the Legislative Committee of the National Retail Credit Association proposing six practical amendments to the Bankruptcy Law. These amendments will be presented to both the Senate and the House upon assembly of Congress next month and we are calling upon every credit executive and retail merchant to support our committee in writing these amendments into the law.

The fact that retailers' losses through bankruptcy run into the enormous sum of three hundred and fifty million dollars a year and that individual bankruptcies are increasing four times as rapidly as mercantile failures, should cause us to realize that this is possibly the most important credit feature in which we are interested.

Weeks of study, days of conferences and reams of correspondence resulted in our Legislative Committee drafting these amendments, which are generally recognized as being the most important and progressive suggestions made since the original law was passed in 1898.

Don't sit idly by and let them die for lack of interest. Let your Senators and Congressmen and the world know you want them made part of the law.

» » »

Philadelphia Retail Credit Institute

THE Philadelphia Chapter of the N. R. C. A. is sponsor for a credit-education course known as the Philadelphia Retail Credit Institute.

Louis S. Grigsby, General Manager of the Philadelphia Credit Rating Bureau is Dean of the Institute and has just announced that Certificates of Proficiency on completion of the junior course have been issued to forty students.

This is one of the most successful credit study classes held under the N. R. C. A. plan.

The Retail Credit Man and Bankruptcy

WE MUST face the truth and admit that we feel much of the abuse and lack of efficiency in the administration of our bankruptcy laws can be attributed to the credit manager who, when he receives one of those post card notices telling him the bad news, utters a few selected cuss words and then files it in his records —never attends a meeting of creditors—never files a claim.

Under the amendment of March 3, 1933, a debtor may file a petition alleging insolvency but arrange to amortize his debts by making partial payments over a period of time.

With the cooperation of creditors and proper administration of the law, this should enable many individuals to work out of their trouble, avoid being adjudged bankrupts and retain their credit standing.

It is therefore more important than ever that credit managers cooperate with referees in bankruptcy.

» » »

Income of Referees in Bankruptcy

A COMPARISON of the income of referees in bankruptcy, as compared with other law administrative officers, such as circuit judges, district judges and district attorneys was one of the things which caused a demand for an investigation of the administration of the Bankruptcy Act.

Here are a few examples in incomes:

Referee Eastern City	$50,482.05
	33,047.62
District Attorney, same city	10,000.00
Referee Eastern City	18,930.05
District Attorney, same city	7,500.00
Referee Central City	26,000.00
District Attorney	8,000.00
Referee North Central City	24,100.46
District Attorney	7,500.00
Referee Western City	22,565.94
District Attorney	8,000.00

The salary of circuit judges is $12,500.00—district judges, $10,000.00—U. S. Supreme Court judges, $20,000.00.

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Increasing N. R. C. A. Service

ANOTHER step in national service was made with the purchase of the stock, etc., of the Credit Service Supply Company of Pueblo and removal of all forms, plates, etc., to Saint Louis, where a Forms Department has been set up at National Headquarters. This department, wholly owned and operated by the National Retail Credit Association, will be in charge of Charles O. Stiles, who formerly owned the Pueblo concern.

Every form necessary for the conduct of an efficient credit bureau will be carried in stock and sold to bureau members at cost plus operating expense, meaning a great saving in printing bills because of low prices prevailing on the printing in large quantities.

New forms designed to simplify and make bureau service more efficient will be developed.

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Chaffee Approves "Monthly Account" Phrase

AS FAR back as 1922, R. V. Chaffee, Credit Manager of the Ernst Kern Company, Detroit, began using the term "Monthly Charge Account" instead of "Thirty-Day Account," with the idea of impressing upon the customer that accounts were to be paid monthly, regardless of date of purchase. The headings on applications for credit were changed to read "Application for Monthly Account" and in all references to charge accounts, in conversation or letter, "Monthly Account" is always the term.

The National Retail Credit Association is endeavoring to make the idea of designating open charge accounts as "Monthly Accounts" universal among all retailers.

A Merry Christmas
A Happy New Year

WITH this issue of The CREDIT WORLD we close the year 1933 and enter a new year. We wish it were possible to grasp the hand of each member and coworker, look into his eyes, thank him for his devotion to the cause of better credit, and wish him a Merry Christmas and Happy New Year.

Increased membership and an ever-multiplying number of personal acquaintances cause the sending of personal cards to be an expense item which should be eliminated this year, so we take advantage of the pages of our official publication to express to each reader the old, old greetings of the season. That health, happiness and prosperity may be yours is the sincere wish of—

DAVID J. WOODLOCK
GUY H. HULSE

An Analysis of Profit and Loss Accounts--in Seventy-Five Texas Stores

By ARTHUR H. HERT
Secretary-Manager, Retail Merchants Association of Texas, Austin, Texas

DURING the past ten years retail credit has been a greater factor in the development of retail business than any other element. Even though there are a few stores in the United States that have expanded to a remarkable degree by operating on a strictly cash basis the natural trend in retail business has been toward a broader credit program. The only retail stores that have grown to any proportions are those that have expanded and developed their retail credit policy.

Along with the development in credit business has come the development of the credit bureau or retail merchants' association which has become so organized and so interrelated with credit department procedure that it now maintains such a standing and has merited such recognition that no large retail store or organization should deprive itself of the facilities. Those stores which have failed to cooperate properly with their local credit bureaus and employ the bureaus' services to the fullest extent have either gone bankrupt or have made successes of no appreciable note.

Credit as a distributive force in retail business is more appreciated today than ever before. Consumer credit, which was formerly confined in its proportions, has now become the real medium of mass distribution. Generally, it is considered a wise policy to aspire to a large volume with a low margin of profit. Such a policy demands efficient retailing, for with a narrow margin of profit there must be scientific expense control as well as economical methods of distribution and the elimination of any and all losses that are avoidable.

The control of credit losses which are actually determinable is absolutely necessary, for any excess loss in credit department operations may be characterized as a direct deduction from net earnings and with lax credit department methods, net earnings, from all other operations could possibly be wiped out altogether. On the other hand, a store may be justified in adhering to an exceedingly liberal credit policy if the profits on additional business gain exceed the additional credit losses incurred.

The average bad debt loss on open accounts to credit sales of all retail stores in the United States reporting to the United States Department of Commerce for the National Retail Credit Survey for 1932 was 1.5 per cent or an increase of .6 per cent over 1931. Credit managers in the past have only been interested in credit statistics as such and have not extended any particular effort toward determining the cause or reason for a certain Profit and Loss experience.

There has been no specific willingness to establish the relationships involved in the Profit and Loss figures. The opening of accounts has been more or less a gamble and without any definite index of the experiences of others. This analysis has been made, therefore, in order to reveal the consolidated experiences of 75 retail stores and professions in Texas regarding their accounts charged off to Profit and Loss.

The following table shows the number of accounts charged off to Profit and Loss according to the various businesses and professions as indicated. Comparison of the averages to be made between each business as well as the average for all businesses and professions combined. The accounts charged off to Profit and Loss, total 4,862, which amount to $153,974, or an average of $32.00 each. There are wide variations, as stores vary in character of business, in the average amount of the accounts charged off to Profit and Loss, the lowest being $6.00 for florists, and the highest being $73.00 for paint and supply stores.

Table 1--Profit and Loss Accounts--Various Lines of Business

Business or Profession, City	Accounts	Amount	Average
5 Department Stores, C	1,471	$ 55,055	$32
4 Department Stores, B	878	34,811	40
5 Department Stores, A	517	13,684	26
4 Women's Clothing Stores, B	300	8,826	29
2 Women's Clothing Stores, A	21	952	45
3 Men's Clothing Stores, A	107	2,698	25
3 Jewelry Stores, A	37	474	13
4 Furniture Stores, A	111	1,623	15
5 Drug Stores, A	187	2,339	13
2 Florists, A	110	715	6
2 Plumbers, A	78	2,068	27
2 Paint and Supply Stores, A	53	3,847	73
5 Lumber Yards, A	81	1,629	20
2 Real Estate Companies, A	35	448	13
4 Loan Companies, A	221	4,541	21
8 Auto, Tire and Battery Stores, A	269	3,762	14
3 Oil Companies, A	55	1,546	28
7 Groceries, A	127	4,287	34
5 Doctors and Dentists, A	204	10,669	52
75 Total	4,862	$153,974	$32

This is accounted for readily by the fact that the average purchase in the flower shop is much smaller than that in the paint and supply store.

Table 2 shows the percentage distribution of the total number of accounts charged off to Profit and Loss in each class of business or profession, according to sex and marital status. The percentage distribution of accounts charged off to Profit and Loss on which reports were requested from the local credit bureaus at the time the accounts were opened or became delinquent, is also indicated.

Of the 4,862 accounts charged off to Profit and Loss which were included in this analysis, 16.7 per cent were accounts of single men, 48.2 per cent were accounts of married men, 12.9 per cent were accounts of single women, 22.2 per cent accounts of married women. In other words, 70.4 per cent of the persons whose accounts were charged off to Profit and Loss were married, while 29.6 per cent were single. It has been estimated by many store executives that the wife does as much as 85 per cent of the buying for the family.

However, the husband is responsible for his debts as well as for those of his wife and family when the debts are for necessities for the wife and children. Consequently, the majority of accounts analyzed were in the husband's name, even though they were used primarily by the wife. There are wide differences in the percentage figures in the stores indicated in this table and the extent of these differences indicates to a certain degree the character of the customers that the credit managers in the stores included in this study have on their books.

Only 58.1 per cent of the accounts charged off to Profit and Loss were checked up in the local retail credit bureaus at the time the accounts were opened, and 41.9 per cent were not checked up at all, even after the accounts became delinquent, according to the check which was made on every account charged off to Profit and Loss with the "Master Cards" contained in the respective credit bureaus. A percentage of the accounts charged off to Profit and Loss which had not been checked through the local credit bureaus at the time the accounts were opened varies from 17.3 per cent for the four department stores in city "B" to 88.2 per cent for five doctors and dentists in city "A."

It is interesting to note that the three oil companies cleared through the Credit Bureau 76.4 per cent of their accounts charged off to Profit and Loss; while 4 furniture stores cleared only 21.6 per cent of their accounts and 4 loan companies cleared only 12.7 per cent of their accounts. Furniture stores customarily repossess the merchandise in case of default; the loan companies collect from the guarantors in case of default; while the oil companies cannot repossess the merchandise nor collect from any guarantors.

Consequently they are interested only in good credit risks; hence the extensive use of the local retail credit bureau to secure reports on all customers who buy gasoline on credit through the use of a courtesy card as well as on all customers who become delinquent. No other sound reasons can be presented for the fact that 41.9 per cent of 4,862 accounts charged off to Profit and Loss of 75 businesses and professions had not been cleared through the credit bureaus at the time applications for credit were made, or at the time the accounts became delinquent.

Table 3 shows the percentage distribution of 4,862 accounts charged off to Profit and Loss for 1930 in each class of business or profession, according to the year in which the accounts were incurred. Of all the accounts charged off to Profit and Loss included in this study, 44.0 per cent were incurred in 1930; 39.7 per cent in 1929, while the remaining 16.3 per cent were incurred from 1921 to 1928.

The 16.3 per cent of the accounts incurred from 1921 to 1928 is distinctly a reflection upon credit management, as no account should be retained on the books if a pay-

(*Continued on page* 25.)

Table 2 - - Charge-Off Percentage Distribution by Sex and Marital Status

Business or Profession, City	Accounts	Male Single	Male Married	Female Single	Female Married	Report	No Report
5 Department Stores, C	1,471	7.8%	54.6%	11.6%	26.0%	80.3%	19.7%
4 Department Stores, B	878	17.5	55.0	11.8	15.7	82.7	17.3
5 Department Stores, A	517	16.3	22.3	26.2	35.2	62.9	37.1
4 Women's Clothing Stores, B	300	5.3	17.2	26.5	51.0	73.3	26.7
2 Women's Clothing Stores, A	21	4.8	9.4	42.9	42.9	71.4	28.6
3 Men's Clothing Stores, A	107	56.3	35.9	---	7.8	56.1	43.9
3 Jewelry Stores, A	37	28.6	28.6	28.6	14.2	64.9	35.1
4 Furniture Stores, A	111	17.2	49.4	10.8	22.6	21.6	78.4
5 Drug Stores, A	187	29.0	49.1	11.5	10.4	31.6	68.4
2 Florists, A	110	16.4	28.1	20.0	35.5	14.5	85.5
2 Plumbers, A	78	14.3	57.1	2.6	26.0	14.1	85.9
2 Paint and Supply Stores, A	53	20.8	67.9	---	11.3	22.6	77.4
5 Lumber Yards, A	81	13.8	73.6	1.3	11.3	23.5	76.5
2 Real Estate Companies, A	35	20.0	68.5	2.9	8.6	14.3	85.7
4 Loan Companies, A	221	48.1	34.6	12.8	4.5	12.7	87.3
8 Auto, Tire and Battery Stores, A	269	32.9	59.2	.9	7.0	19.0	81.0
3 Oil Companies, A	55	13.0	79.6	---	7.4	76.4	23.6
7 Groceries, A	127	27.3	53.7	5.0	14.0	18.9	81.1
5 Doctors and Dentists, A	204	22.3	57.9	7.4	12.4	11.8	88.2
75 TOTAL	4,862	16.7	48.2	12.9	22.2	58.1	41.9

The Credit Granter's Part in the New Deal

By E. W. HIESTAND

General Manager, Halliburton-Abbot Company (Affiliate Sears, Roebuck & Co.), Tulsa, Okla.

SOMEONE has said, "One's job is just what one makes it." Perhaps that is true. Sometimes, however, the job is more important or should be more important than one imagines. So it is with the credit granter of today. To our notion his job is about three times more important than it ever has been, but it is important in an entirely different way.

Other things being equal, one does best what he likes best. Sometimes if we get an outsider's point of view on the importance of our job we can like it very much more than we did. Obviously, if we like it better we can do it better.

To digress for just a moment about the "New Deal" itself, of which you have heard so much that you might easily be bored:

Just as we quickly forget pain, so it is human to quickly forget troubles and ills of all types. Last Friday we heard Senator Gore enumerate the thirty-odd depressions in economic history. It was refreshing to get a perspective as clear as his, but the underlying causes of this depression are so much more massive than any of the others that the depression itself had to be much more terrific than any of the others.

Accordingly, the recovery from it must and will be very much more difficult and slow in coming. We are not out of it yet, not by a long shot. Viewed from the angle of 1926 or 1929 we would still be in the bottomless pit.

The basic and primary cause of this depression is, no doubt, the World War and the resultant long-drawn-out and colossal boom which had, eventually, to crash. Our situation today is not so bad when viewed from the eyes of 1913 though it may seem horrible when viewed from 1929.

The world could not destroy millions of lives and hundreds of billions of property without feeling a terrific effect. It could not issue billions more money without feeling a boom. It could not go into unprecedented mass and machine production and as a result stimulate, with high-pressure selling, terrific consumption without attaining economic levels hitherto undreamed of.

Prices and values simply had to soar, not only because there was a tremendous amount of money in circulation but because credit structures had been reared to dizzy heights and the velocity of the circulation of that money was terrific. After all, a piece of merchandise, real estate, securities, personal services, transportation (or anything else) are worth what they will bring and as there was heavy demand for all these commodities the prices soared and speculation was the result.

The drastic efforts of the previous administration tended only to slow down the speed of the drop and spread it over three years instead of three months. Maybe that was a good thing. Many think it wasn't.

For the first time in history artificial relief measures are being applied. Hardly anyone in his right mind had thought it possible to tamper with economic laws. To the man in the White House nothing seems impossible. Cloaked with vastly greater powers than any previous executive he is not only attempting but actually doing the superhuman.

The Bank Moratorium was the quick and desperately needed control of the money situation. Just what would have happened if it had not been declared it is difficult to conceive. Quickly followed emergency measures to remedy the tremendous unemployment, the overproduction and the lagging consumer demand.

The National Industrial Recovery Act came into existence and with it employers of all sorts increased their payrolls, first in numbers, then in rates. Production to create these jobs and fill the depleted stocks was started. Confidence returned and manufacturers, jobbers and merchants placed tremendous orders. Inventories have increased out of proportion to sales, largely because of the starvation prices at which merchandise could be bought and the assuredness of higher price levels immediately.

Now, to keep the wheels of industry turning, the circle must be completed. Purchasing power has increased, unemployment has decreased, production has increased, consumption must be increased and retail buying must be increased. Otherwise, merchants, jobbers and manufacturers cannot place orders for more goods to keep the factory wheels turning and the increased payrolls going.

Editor's Note:

This article is from an address before the Mid-West District Conference of the National Retail Credit Association, Tulsa, Okla., October 23, 1933.

There is where credit granters come into the picture. Much of the immediate cash from these increased payrolls must go to the payment of urgent debts. Much of the rest of the money must go to the bare necessities of life for several years—squeezed down to the absolute minimum.

Real prosperity cannot return until more merchandise is bought and goods consumed than can be bought with cash.

The credit granter, by tradition and nature, generally speaking, has been obliged to be the conservative element in any business. The conservative element is always steeped in the tradition of his calling. Just as many times as he has taken a "hunch" chance just about that many times has he been stung.

This, however, is something of a different situation. More credit risks hitherto perfectly sound went bad the last three years than ever before in history.

These men and women, most of them, realize and always have realized the seriousness of obligations. Most of them are good earners and fully intended to live within their means. They were caught by a variety of unexpected and to them absolutely unavoidable circumstances which listed them in the "Slow Credit" for the first time in their lives. They then got listed in the "Bad Risk" classification. As long as the depression was at its worst they had to stay in that class whether or not they deserved it morally.

There are two ways of operating a credit business, the easy way and the hard way. The easy way to our notion is to be extremely conservative as credit granters, make very thorough investigations and open almost no accounts.

Business operated on this policy will not need heavy collection follow-ups or much, if any, systematic dunning. Accounts can run for months without loss and tremendous good will results from the failure to dun overdue accounts. In proportion to the large volume of credit business done the losses under this method in prosperous times have not been large.

The harder way to run a credit business is to be more liberal in the granting of credit where the risk is morally sound and the income proved, but to be firm, vigorous and systematic about adherence to payment contracts. This is, perhaps, a more expensive way to operate a credit business.

We must of necessity realize that the whole industrial world is upsetting tradition—that we are, in all kinds of business, doing the unheard of and the unprecedented. Credit granters must realize that risks who were sound before the depression and have been definitely bad, have not yet had a chance to establish a new rating.

How can they possibly establish this rating if not given the opportunity? The supply of cash is still low and as before mentioned the first earnings must go to the bare necessities of life and the payment of old debts, mortgages and the like.

It is our thought that prosperity cannot return until these risks, morally sound, of proved income, but with perhaps temporarily bad records, be given another chance. This does not, of course, apply to those risks who were slow before the depression nor to those whose income (or earning capacity) is doubtful nor to those whose standards of honor and seriousness of obligation are at all in doubt.

But we maintain there are thousands upon thousands of credit risks who are listed as bad through causes completely and absolutely without their control and which will not, in all probabilities, recur. Even if some of the causes should recur it is probable that the risk would sense in time the recurrence and take measures to protect his or her standing.

It is our belief that thousands of these risks can again be taken on, ***but must be closely watched, and at the slightest indication of slowness immediately be checked to prevent the recurrence of bad habits and resultant loss.***

This is the hard way to operate a credit business, but it is, to our notion, the only way to assure the return of prosperity.

Thus it is that the credit granter has a major part if not *THE* major part in the "Completion of the Circle." Does he realize the importance of his part in the economic scheme of things today?

Does he realize that he is, perhaps, the most important factor in the return of prosperity? Does he realize that this is, after all, a completely "New Deal" and he must not be narrow-minded or prejudiced by recent misfortunes of three-fourths of the world?

Surely if he realizes these things he will approach his job in the light of a completely new and different job. He will understand the seriousness of the situation and be an aid and a real power toward the return of prosperity to his business and to the business world at large.

All Together

America, victorious!
You've weathered every gale;
Your Flag a symbol of success,
Knows no such word as *fail.*

Beneath your Banner—hope renewed,
We face another year;
With strengthened hearts, we'll carry on,
Since we have banished fear.

With eyes of faith, we look ahead,
Undaunted—unafraid;
The memory of past battles won,
Our comfort and our aid.

Teamwork, our weapon, share and share,
All loyal to the core;
A combination that will win!
In Nineteen-Thirty-Four.

—W. S. Genaro, *Secretary-Manager,*
Retail Merchants Ass'n, Mineral Wells, Tex.

Central Authorizing Speeds Customer-Service

By J. D. KEMPER
General Office Manager, Mandel Brothers, Chicago

PRIOR to February, 1932, our charge authorizing was done at four different points—the Delivery Department tube center for "sends"; the Second Subway tube center for charge transactions originating on the main floor and two subways below; the Second Floor tube center for transactions originating on the second floor and above; and the Credit Office authorizing center, to which all charge transactions were dispatched which could not be O.K.'d at one of the other points. It required fifteen authorizers to man these four stations.

After having considered the draw-back system of authorizing on two previous occasions, and having decided against its adoption, we resolved early in 1932 to make a test of this plan, and with not a few misgivings, we began the draw-back routine on February 1 of that year. At the end of ninety days we were convinced it was not only workable but practical, and decided that with certain changes in our set-up we would operate permanently on that basis.

Our delivery tube center was discontinued, and the authorizers operating at that point were consolidated with the force in the Second Floor tube center. We made an intensive survey of our entire credit and authorizing layout and concluded that with new authorizing equipment and a rearrangement of our Second Floor tube center, we could do all of our authorizing at that point, and do a much better job than we had been doing.

Accordingly, we installed two complete new authorization indexes, one of sixteen units arranged alphabetically, and the other, fourteen units, arranged geographically as a cross-index. It, of course, required several months to install this new system, but when it was finally completed, just prior to the pick-up of business in the fall, we were ready to handle all of our charge authorizations from this one point, and had reduced our personnel from fifteen to seven!

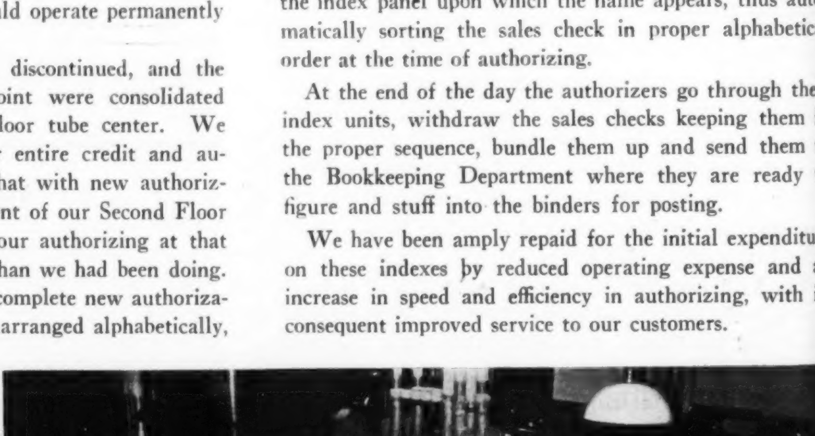
The operation is simple: All carriers are dispatched on a conveyor belt which deposits them in a bin, where, if a "send" transaction, the sorter opens the carrier and immediately returns it to the selling department, filing the sales check in the proper pigeonhole of a sorting index, broken down to sixteen divisions of the alphabet—one division for each of the sixteen units.

If a "take-with-customer-waiting" transaction, the sorter transmits the carrier to the proper authorizer, who looks it up and, if "O.K.," stamps it and returns the duplicate to dispatcher for return to the department. If it is necessary to refer the sales check to the Credit Office because of a signal on the account, or "can't find," etc., authorizer transmits it direct to the proper credit man, who in turn sends it back direct to dispatcher for return to the department.

The authorizer upon looking up an account and finding it O.K., stamps the sales check and drops it in front of the index panel upon which the name appears, thus automatically sorting the sales check in proper alphabetical order at the time of authorizing.

At the end of the day the authorizers go through their index units, withdraw the sales checks keeping them in the proper sequence, bundle them up and send them to the Bookkeeping Department where they are ready to figure and stuff into the binders for posting.

We have been amply repaid for the initial expenditure on these indexes by reduced operating expense and an increase in speed and efficiency in authorizing, with its consequent improved service to our customers.



What Causes Customers to Become "Slow Pay"?

By MRS. V. SCOTT

Credit Manager, Rothschild & Sons, Inc., Kansas City, Mo.

THAT'S a large question! The reasons, of course, are innumerable. However, here are a few of them which we credit granters should be careful to avoid:

1. *Not being thorough enough* in taking the application and stating terms clearly when opening the account.

Not taking into consideration the size of a man's family and the ages of his children, if any. It is not so much the size of the family as the ages of the children. A good customer who paid promptly may start getting slow and move from "prompt pay" to "never pay" because in September he starts his son or daughter to college at an added expense with no preparation.

Another thing is age. A man is a greater risk from 45 to 55 years. If he has not accomplished anything up to then, just gone along, he takes an inventory and begins to worry about what he will be at 65. Worry weakens will power and causes a man to become careless.

2. *Carelessness in permitting overbuying.* This is sometimes due to your authorizers not checking each charge and sometimes to the credit manager not having enough nerve to refuse to add to an account which is already past due—weakness in not being able to say "no."

3. *Sickness,* which is something no one can control but it is always well to check it because there are people who use this as a good excuse.

4. *Reduction in pay.* We have had considerable of this of late and we all have to make allowances, revise the accounts and cut down the limits to fit the situation. There are many people who bought on one salary and had to pay on another. We always make an exception the first time, that is, if there is the right intent and a definite arrangement is made which is kept.

5. *Careless reopening of inactive accounts.* Along this line, if the credit bulletins are religiously checked and notations made that the party's named appeared in the bulletin a certain date, unquestionably a new report would be ordered. For instance, we had a Mr. "X" who always paid us promptly, had an account for years but had not bought for about a year. He was run on the bulletin but no notation was made on the account and charges were O.K'd for seventy some odd dollars. A number of small charges on this account will have to go to the Bureau for Collection and there is a question if it will ever be paid. If a new report had been ordered, the merchandise would not have been delivered. We are now checking all accounts over six months inactive.

6. *Failure to close overdue accounts* quickly enough. Here we all procrastinate. If you have had a customer for a long time and he has always paid 30-60 days and he is owing a 90-day account, you hesitate to hold up a small charge or several small charges. Of course, it depends upon who the party is. If it is an account which carries a small limit you would not think of adding to it, but if it is an established responsible person you hesitate. Yet this type does make slow pay customers, even P. & L. customers sometimes and that 90-day account helps to pull down your collection percentage!

If we could have an ironclad ruling and all the stores would absolutely adhere to it, that no charge would be added to any account which was over 60 days old, regardless of the person, and this was advocated and advertised and put over to each and every one that their accounts were automatically closed, from the lowest to the highest, it would materially increase collections and reduce losses.

7. *Then there is the credit man's inertia* (laziness in other words). It is easier to increase an account than to argue about it, or re-open an account instead of ordering and waiting for a new report, especially if it is a "take" purchase and the salesperson, also the boss, is adding some persuasion. All bad customers were once good. Sometimes this is hard to believe but too many credit men handle their accounts like the old woman on the farm eats her apples.

I read this somewhere. She puts them in a cellar and when she wants apples she picks out the spotted ones. While she is doing this, the other apples become spotted and she eats spotted apples all winter. If she would sort her apples, taking all the spotted ones and using them some way in order to get the benefit of all the good and then watch the rest she would have good apples to eat all the time.

In other words assort your customers into at least four groups, A, B, C, and D; work the C and D more vigorously and watch the A and B to keep them from becoming C and D.

It is possible for a credit man to allow a customer who pays promptly without request to pass to the class of those who never pay until collection is enforced, by paying no attention to symptoms of financial difficulty.

Just Plain Logic Will Solve Our Problems

By M. G. RILEY

Manager, Merchants Association Credit Bureau, Inc. Kansas City, Mo.

WHEN Christopher Columbus talked Queen Isabella into pawning her jewels that he might take a trip, he became then and there the world's first "high-pressure" salesman. Some historians, lacking perhaps some of that romance of other writers, have even hinted that she finally consented to hock her crown jewels as the only way she had of getting rid of a persistent salesman.

The science of sound reasoning has taken all of the historical facts surrounding the Columbus and Queen Isabella episode and has given him credit for discovering America.

The purpose of our gathering here is to "discover" the most logical "route" to take in these times in the extension of credit and the collection of our accounts receivable. You will recall that Columbus didn't actually set out to discover a new land. He was seeking a new and perhaps shorter route to the eastern markets. So, instead of just charting a new course in credit procedure we may possibly find ahead of us an entirely new and different idea and plan on credit control.

Remember this: We who attend these credit conferences are the adventurers of our day. Hundreds of others in this same profession will have little or no part in the "discoveries" we make.

They will only have to learn later of the "route" we have charted and, as has always been their part, to follow that path when it becomes the accepted avenue. We must become as persistent as Columbus in our endeavor to find this new "route." Merchants, bankers and professional men are looking to us and these deliberations to point the way.

Industrial and trade groups have each done their part by defining what is unfair business practice in their own particular lines; but these will not suffice. There must be understandings and agreements which a community of retailers, bankers and professional men will draft and abide by in the proper conduct of the retail credit business of that community.

Don't you remember how, as a kid, you thrilled to those stories of adventurers such as Columbus? How his crew became angry with him when he would not turn back? How the days those sailors spent at sea must have seemed like years? And didn't it always appear to you that all the real adventure seemed to have been used up hundreds and hundreds of years before your time?

But these times, especially in the credit profession, are "chock-full" of real adventure for those who will study, understand and take a part. Won't you "ship" with the "crew" of this section which must "set sail" on an unknown and heretofore uncharted "sea"?

Here's that chance you longed for as a child, to be one of those fearless and undaunted souls who would be willing to cast aside tradition and "find a new way." You and you and you—must be the persons who will bring to your community the "proofs" that you know the "way" that retail credit of the future must be "routed."

It has required over one hundred years for us to realize that unbridled competition in credit and credit terms has been wasteful—that the ravages done by unfair competition in credits are perhaps only second to those red figures which "cut prices" have produced for the nation.

The part of both of these influences in the passing depression is indelibly written. Years of this competitive waste coupled with the depression have so formed public opinion that it now favors trade, industrial and community control to the end that the public may be protected against unfair business practice. Public opinion is ripe and ready for a "new deal" in credit control.

Therefore, it is ***just plain logic*** to expect every community to develop and abide by clearly defined *Community Credit Policies*—embodying definite terms, elimination of competitive come-ons and including the charging of interest on past due accounts.

Increased business will demand more working capital for merchants. Improved credit and collection procedure will provide this working capital by improving the capital turnover.

Allow me to quote the words of that dean of credit men, Colonel Franklin Blackstone of Pittsburgh, Pa., who has recently stated:

(*Continued on page* 32.)

Editor's Note:

This article is from an address before the Mid-West District Conference of the National Retail Credit Association, Tulsa, Okla., October 23, 1933.

If You Have Any Doubts About the Effectiveness of Retail Credit Codes--Read This!

In the midst of all the discussions, pro and con, about the retail credit codes and community credit policies, the following letter, received just as The CREDIT WORLD goes to press, is very timely.

Mr. E. J. MacEwan, Manager of the Morris County Credit Bureau, Morristown, N. J., writes:

> I am enclosing copies of the credit code and credit application for the Morris County Automotive Industries. This code was originally designed for the automobile dealers only, but the entire association, composed of all kindred lines, upon hearing it read decided to adopt it.
>
> It has been sent out to over 10,000 customers this month *and is proving to be very effective.* It seems to be building an entirely new backbone for the individuals in this business—something which they have long needed. Best of all, it is bringing in a lot of old money.
>
> It has reached the point where every salesman for the wholesale houses in the Metropolitan area has either secured one from some dealer or from this office to show his customers in other counties. It might be worth publishing in The CREDIT WORLD as an example of what can be done by close cooperation.

This Code to take effect October 31, 1933

MORRIS COUNTY AUTOMOTIVE INDUSTRIES

ANNOUNCEMENT OF CREDIT TERMS

TO ALL OF OUR CUSTOMERS:

In keeping with the demands for fair trade practices in the various trades, the Morris County Automotive Industries, of which we are a member, has adopted the following rules and regulations governing the extension of credit, to become effective on November 3, 1933.

CREDIT	1.	All repairs, parts, shop work, miscellaneous service, etc., are to be sold for cash only, except, that 30 days credit may be granted by a member of this Association to customers upon receipt of a satisfactory credit report from a recognized Credit Bureau.
PAST DUE	2.	All accounts must be paid by the 20th of the following month. Failure to pay an account by the 20th of the following month will automatically place the account on a cash basis.
PAYMENTS	3.	All accounts remaining delinquent on November 3, 1933, when this Code becomes effective, must be settled by a note, secured by a chattel mortgage, with satisfactory arrangements to make regular payments on past due indebtedness at that time.
CREDIT APPLICATION	4.	All persons, firms, or corporations requesting credit on and after November 3 must fill out completely the Application for Credit adopted by this Association. Old customers having had charge accounts in the past, which have been closed for slow or non-payment, must also file a regular credit application if they desire to be reinstated as a credit customer.
CREDIT COMMITTEE	5.	The names of all customers placed on a cash basis with the amount owing, must be reported to the Association's Credit Committee not later than the last day of the month on which the account is due,
CONDITIONAL SALES	6.	The National Automobile Dealers Code imposes a penalty of $500.00 fine or six months in jail or both providing that any autombile dealer violates the following terms in financing conditional sales: "No dealer in financing conditional retail sales shall charge a lower rate than the lowest or a higher rate than the highest rate charged by regularly established finance companies operating in the same district as the dealer."

It is agreed that this notice must be sent to all customers having open accounts on the books of members of this Association as of October 31, 1933.

Very truly yours,

MORRIS COUNTY AUTOMOTIVE INDUSTRIES.

Over 500 Actual and Potential Members

An Important Message on Bankruptcy-- To All American Retailers

From the Legislative Committee of the National Retail Credit Association

ONE of your great sources of loss is customer bankruptcy. Your books tell the story. Department of Justice statistics show that retailers lose thus over three hundred fifty millions a year. And worse—such bankruptcies are getting more common. In the past five years they increased more than four times as rapidly as among traders.

Now, Why Should Retailers Stand for Such Losses?

Too often these bankruptcies are caused by sheer extravagance, shiftlessness and dishonesty. The old stigma upon "Taking bankruptcy" is dying out. In some circles, "going bankrupt" is almost a mark of social distinction—like one's hospital operation!

The United States is geared to a credit system. The Government is now driving to loosen that credit to break the depression. We all want to help the President start things—but we cannot afford the waste of our assets caused so largely by mistaken looseness in our bankruptcy laws. That loss does not help credit, it destroys credit.

The National Retail Credit Association has drafted six practical amendments to the bankruptcy laws, to encourage and relieve honest but embarrassed debtors and to protect equally honest retailers. These amendments (printed in full on pages 20 and 21 of this issue) were drafted by practical men, like yourself, who know that one of the greatest foes to returning prosperity is sound fear to extend credit because of the recent veritable epidemic of dishonest, unworthy buyers. This fear limits development of business and holds back reviving prosperity.

Read this brief digest of the proposed amendments, and then get behind them and help us write them into law. We know no better step to improve sound business.

Blocking the Professional Bankrupt

Sections 14a and 11a of the present bankruptcy act provide for stay of suits on claims from which a discharge would be a release, until after adjudication, or until after discharge; and that any person who has been adjudicated bankrupt may apply for discharge after one month, within six months. The amendments provide that in the case of a wage-earner bankrupt whose schedule indebtedness does not exceed $5,000, he shall be granted his discharge, or his discharge shall be suspended or denied, at the first meeting of his creditors; and that other bankrupts or debtors shall be granted discharge, or their discharge shall be suspended or denied, at a meeting to be called on his trustee's, or any creditor's application.

This is intended to spoil a fine deadbeat's graft. These crooks have established a practice of filing voluntary petitions in bankruptcy, obtaining adjudications, staying legal proceedings, and then failing to apply for discharge. Thus they avoid the six-year limitation upon successive voluntary bankruptcies. Whenever they accumulate another crop of credulous creditors, the way is open to do it again—and they do it. But these amendments ruin their game, yet hurt no honest debtor.

Why Put a Premium Upon Reckless Waste?

The amendments to Section 14 b to g, inclusive, add to the present provisions, regulations empowering the court to grant interlocutory discharges, for a period not exceeding two years, if the court is satisfied that the assets of the bankrupt were not fairly worth 50 cents on the dollar of the amount of his provable debts; unless the bankrupt satisfies the court that such fact is due to circumstances for which he cannot justly be held responsible; or that he did not contract any provable debt within four months prior to commencement of the proceedings, without reasonable ground of expectation of being able to pay it; or that he did not bring on his own bankruptcy by gambling or by culpable neglect of his business affairs.

These provisions are adapted from the laws of England, Canada and France. They are designed to deny to persons who live extravagantly, speculate, gamble, neglect their business, and "live riotously every day," the shield of a discharge in bankruptcy, the protection which was intended for honest but unfortunate debtors, not to facilitate waste, idleness and fraud.

The Department of Commerce published in April, 1933 (dir. Victor Sadd), the results of a survey of the causes of bankruptcy. That report shows the major causes are speculation and extravagance.

That Government report recommends a tightening of the discharge provisions of the Bankruptcy Act. Some deterrent surely is needed not only to protect the retailers, victims of this waste, but the thousands of people whom the present policy promotes to deliberate irresponsibility.

Administration of the Act Should Be Economical

The amendment proposed to Section 40 eliminates the fee method of compensating referees, which is believed to be unsound in principle. The Attorney-General is given the same power to fix salaries for referees, not exceeding $10,000 a year, that he has in employing United States attorneys, clerks and marshals. There can be no sound objection to this amendment, which is in the interest of reasonable economy.

Under the present law, trustees may be competent—or they may be friends of some one in authority. It is in

the interest of all honest debtors and their creditors that the estates of bankrupts be administered by trained trustees. There has been a tendency in recent years to select some employee of a trade or credit association to be a trustee. This amendment permits adjustment and service bureaus of credit men's organizations to serve as such trustees, along with trust companies and private individuals. By building up a list of experienced and qualified trustees, from which creditors may make their own selections, maximum results should be obtained. This is one of the provisions of the Hastings-Michener bill.

A General Supervision of Bankruptcy Administration

From 1910 to 1922 the annual appropriation bills for the Department of Justice carried provisions directing the Attorney-General, when his department audited records of clerks and marshals, to also audit the accounts of referees in bankruptcy. In 1922, upon objections said to have been made by certain referees, this provision was dropped. Lax enforcement of any law tends to discredit it—and the bankruptcy act is no exception to the rule. If adequate discharge provisions are written into the statute, there should be more complete supervision over the administration of the act. Not only interpretation, but enforcement should be uniform. The amendment proposed by the National Retail Credit Association establishes an assistant attorney-general in the Department of Justice, in general charge of enforcement. Through the Bureau of Investigation, the United States District Attorney's offices, and any investigators he may find necessary, reasonable, vigorous and uniform administration of the act, including suspension of discharges, may be assured. It was urged against the system of administrators and examiners proposed in the Hastings-Michener bill, that the cost to creditors would be around two millions a year. The provision for an assistant attorney-general and his staff would hardly exceed fifty thousand dollars a year. Much more than that would be saved by placing referees upon a salary basis.

From time to time the Department of Justice has conducted investigations of offices of referees; but their reports have not been available to the public or to creditors who instigated such investigations. Referees are appointed by district judges. Often they are friends of the court; and at times creditors have suspected that personal friendship has kept referees in office despite evidence of incompetency or gross inefficiency. This amendment will provide that when investigations are initiated upon complaint of creditors, such creditors shall be furnished a copy of the report. If the report sustains the complaint of the creditor, the fear of publicity almost surely will accomplish the elimination of that particular referee.

Why Not Have Debts Amortized Instead of Destroyed?

Section 78, a new section provides a system of amortization of debts for wage earners, a substitute for destruction of both assets and liabilities by bankruptcy proceedings. A wage earner may petition the court, alleging insolvency but offering to pay his debts in installments over a period of two years. The court appoints a trustee and orders the payments made through him. The creditors prove their debts. So long as he pays in accordance with the orders, the debtor is protected against annoyance by garnishment or other suit. The court may increase or reduce the ordered payments for cause, or may extend the time. If, after the time expires, the debtor has not been able for causes beyond his control after honest effort to pay, the court may grant him his discharge; but any creditor may oppose the discharge, and upon showing good cause, the court may deny discharge.

Amortization of debts is proposed to relieve a most distressing and widely spread condition. The plan is supported not only by national retail organizations, but also by railroad labor brotherhoods and the American Federation of Labor. The more it is understood, the more support it obtains. The idea is very simple. Honest debtors are relieved from being forced into bankruptcy. They may arrange, under court protection against the harassment of garnishment or other litigious proceedings, to pay their debts from future earnings. They are relieved from clutches of the loan shark. If during the period agreed to pay, despite honest efforts, they find they cannot pay within the set time, the court can, and doubtless will, grant extension. Ultimately they pay their debts, saving their self-respect and good name. The plan encourages thrift, greatly reduces the wastes of formal bankruptcy, avoids much litigation.

The Retailers of the United States Should Unite on These Amendments. They Are Vital.

While probably the most important amendments are the provision for amortization of debts, which will prevent the continued moral sapping of the wage earners' self-respect when financially embarrassed and the plan for controlled enforcement through the Department of Justice, all these amendments are of importance to every retailer in every line. You who read this should solicit the active support of men in your line, write your Congressman and Senators, and see that your trade organization works for them. Only by united effort can we get them written into the law. Let the Legislative Committee know what you are doing.

—THE LEGISLATIVE COMMITTEE OF THE NATIONAL RETAIL CREDIT ASSOCIATION
503 Colorado Building
WASHINGTON, D. C.

JAMES R. HEWITT, Chairman
The Hub, Baltimore, Md.

W. J. MORGAN, Vice-Chairman
Brooks Bros., N. Y. City

CHAS. R. KEEFER
S. Kann Sons Co., Washington, D. C.

S. H. TALKES
Associated Retail Credit Men, Washington, D. C.

R. PRESTON SHEALEY, Counsel
Colorado Bldg., Washington, D. C.

Inactive Account Promotion Plans and Letters

By DEAN ASHBY
Credit Manager, M. L. Parker Company
Davenport, Iowa

[Number Three of a Series of Articles on "Customer Control"]

UNDER "Customer Control," in the course of the work of classifying customers' accounts, the credit office will discover that there is a certain percentage of these accounts which become inactive each month. That is, there will always be a proportion of your customers who fail to use their charge accounts for a period of time. This may be due, of course, to many things. The customer may be away from the city or for some other reason may have failed to pursue her usual shopping habits.

It should be the duty of the credit department to keep an accurate and complete record of the accounts which have become inactive so that steps can be taken to prevent these accounts, or a large proportion of them from becoming permanently inactive and consequently a permanent loss of business.

In order to get an immediate check on accounts which have become inactive those accounts which have been paid up in full the previous month and which indicate that no purchases have been made during the current month are handled in the following way: Such statements are held out of the regular statement mailing and referred immediately to the credit office.

These are then checked back against the ledger account to ascertain whether the account is in good standing. If this is found to be the case, a sales message is multigraphed on the blank statement and the statement is mailed to the customer.

By this means the account is solicited in the earliest stages of its inactivity at which time it is probably most subject to solicitation because the customer has not had time to acquire definite buying habits in some other direction. At this time, too, the cost of the solicitation is at a minimum because the statements are already addressed and the use of a window envelope eliminates the necessity for further addressing.

Examples of the type of message suitable for multigraphing on the blank statements are given in the following memos, Nos. 4, 5, and 6.

Memo No. 4

We are appreciative of your patronage during the year just closed, and shall make every effort to serve you intelligently and give you the best we have in every possible way, during this year.

The absence of any charges on your account during December prompts us to call your attention to the many opportunities for worth-while savings during our January sales.

During the month of January we are offering our entire stock of Women's shoes—at 20 per cent discount.

On our Good Housekeeping floor all kitchen needs, china, glassware, for one week beginning Monday, January 4th, at 20 per cent discount.

Men's and Young Men's suits and overcoats at 20 per cent discount.

Annual Women's and Misses' coat and dress reductions are now in effect.

Linens, Blankets, Sheets and Cases—all standard quality merchandise, featured during January at reduced prices.

These and many more—are good reasons for using your account during January.

Memo No. 5

We are appreciative of your patronage during the year 1931, and shall make every effort to serve you intelligently and give you the best we have in every possible way, during this year.

The absence of any charges on your account during January, prompts us to call your attention to the many opportunities for worth-while savings during February.

We are offering 81 x 108 inch "Parker's Special" bleached sheets at $1. It is not only the extra large size that makes this such an unusual value—it's also the splendid quality of the sheeting which is free from any filling; edges torn before hemmed.

Also, beautiful hemstitched, nine-piece damask sets—cloth 60 x 80 inches and eight napkins—at $4.95.

A very interesting value is the group of printed linen dresses just received. They are crisp, gay versions of the Spring Mode, styles in which are white and soft pastels, daintily trimmed and embroidered—at $2.95.

For this week's selling we have secured 12,000 yards of cotton prints, including 40 new patterns in floral designs, for all purposes—pajamas, curtains, dresses and children's dresses—at 15c per yard.

These and many more are good reasons for using your account during February.

Memo No. 6

We are appreciative of your patronage and the absence of any charges on your account during February prompts us to call your attention to an unusual value offered during March.

Spring Opening starting on Thursday, March 3rd, brings PARKER'S NEW CLOTHES ERA—and some gossip about our ready-to-wear stylist and her new $25 line of dresses, coats, and suits for the $50 customer of a year ago.

We are inviting you to PARKER'S to see what this interesting person has done. She came out flatly and said she would revolutionize the whole department this Spring. And she has done it. New—new—new—everything about these clothes and the price is new.

Young clothes — exciting clothes — with the solid PARKER reputation back of them—and priced in tune with the times—at $25. The whole town's going to talk and we might as well admit we like it. You'll just hear the news buzz around in no time. So, won't you come in and we'll show you the cause of all this excitement—and show you just how lovely—and flattering—and new—the clothes are.

This is a good reason for you to use your account this month.

Constant use of these memos on statements which go to customers whose accounts have been inactive for the past thirty-day period brings exceptionally gratifying response and very measurably reduces the inactivity of these accounts. One of these memos, multigraphed on 1,294 statements, brought a response of 32 per cent within the next thirty days. That is, during the following month, 32 per cent of these accounts had been returned to the active account classification again.

Detailed analysis of the returns received has been made to determine to just what an extent this method of cutting down the number of inactive accounts was successful. Over a six-month period it was found that the lowest percentage of response was 25 per cent and the highest, 33 per cent. Thus, it proves itself to be a very worth-while and economical method of keeping the accounts on your books active and checking the tendency of a great many of your regular customers to alter their buying habits and start trading elsewhere.

The immediate check-up which results in a solicitation just thirty days after an account has become inactive catches the customer before her buying habits have become fixed in another direction. A sales message of some sort which reaches her at this time is bound to be more effective than one which reaches her after a longer period of time when tendency to do her shopping elsewhere has become such a fixed habit.

Some procedure of the same type can be used to increase the activity of those accounts which indicate a balance of $1 or less for a certain month. By this means the customer is induced to increase the size of her account to at least the point where it is a sufficient amount to warrant the writing of a check for the next month.

However, the most important part of the work of promoting business from inactive accounts is only touched upon when the first memos are sent out. As the returns from this first solicitation result only in a maximum return of 33 per cent it is imperative that something further be done to prevent as much as possible of the loss of business which the other 67 per cent of inactive accounts will result in.

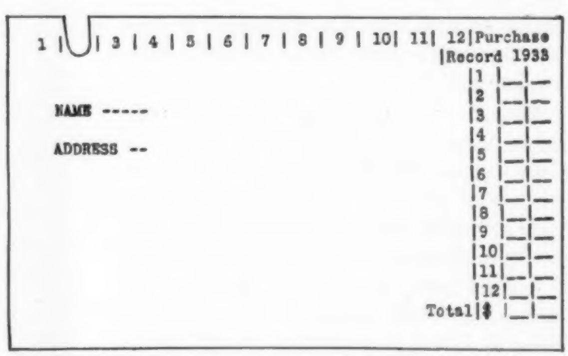
For this reason, it is quite necessary that a very constant check be kept on all inactive accounts and that they be followed up in a concentrated and consistent manner periodically so as to cut down their extended inactivity to the lowest minimum. This may be done according to the following plan which has brought very definite response and has actually resulted in cutting down the total inactivity of a list of charge accounts to 9.68 per cent per month.

Each month a record is kept of the number of inactive accounts withdrawn from the ledgers. These are recorded on the card form which is illustrated, the card being addressed by means of the Addressograph plate which has previously been tabbed to indicate that the account has become inactive. The illustrated purchase record card is punched to indicate on which months purchases were made, thus showing at a glance how long the account has been inactive as well as the month in which it fell into this classification.

From this card record of inactive accounts, it is a relatively simple matter to adopt and follow up a consistent and productive plan for regular solicitation which should result in a measurable decrease in the number of inactive customers. Letters such as those reproduced should be used for this purpose as they have proved to be highly successful for inducing customers to resume shopping at our store.

Experience with the use of these letters has shown conclusively that their consistent use will bring results that should be gratifying to any store. The following tabulation of the results actually obtained from their use will indicate to the reader to what extent they will be successful.

On March 1, 1932, we took 472 inactive accounts from our ledgers and sent them a letter. In the following thirty days 136 or 21 per cent had responded, buying a total of $1,415.52, or an average of $10.37 per customer. The cost of this solicitation was .7 per cent. On the first of April the remaining 336 inactive accounts were


1 | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10| 11| 12|Purchase
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|1 |_|_
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Total|$ |_|_

Customer's Purchase Record Card

solicited, in addition to those which had fallen into the inactive classification but had not responded to the first solicitation. Of these, 133 made purchases during the

(*Continued on page* 28.)

Perpetual Age-Analysis fo

By Joseph D. Henderson, Credit Manag Maye

IN OUR efforts to handle credit and collection problems, we all have given considerable time and study to collection follow-up systems, and we all, no doubt, have dreamed of some ideal system. Out of these dreams have evolved many systems—some elaborate and expensive, some simple—varying in degrees of effectiveness and burden of upkeep.

It is with a pardonable pride that we outline what we believe to be an ideal collection system in the form of perpetual Age-Analysis of accounts. With most bookkeeping systems, Age-Analysis has served only for occasional statistical purposes, due to the fact that it loses a major portion of its practical collection and credit value before it can be completed. Our system reflects the exact status of every account at the moment we make reference—not its status of several days or weeks ago.

We formerly used binders, "stuffed" the postings, worked 51 hours per week, were often behind in our postings, referred to the authorization card file, and worked our collections direct from the ledgers, page by page.

Now, we use trays for our ledgers, post in alphabetical order from stacked sales tickets (saving the "stuffing" time). Working forty-four hours per week, we have doubled our posting production, are able to keep up to date with our work, refer direct to the ledger trays for authorization of charges, and work collections from the Age-Analysis sheets, which enable us to work every delinquent account in a thorough and intelligent manner at regular intervals.

There is a traditional "bugaboo" that ledger sheets will get lost when housed in trays, but we can emphatically disagree with this. We have lost no more ledger sheets from our trays than we have $20 bills from our cash drawers, which have been NONE.

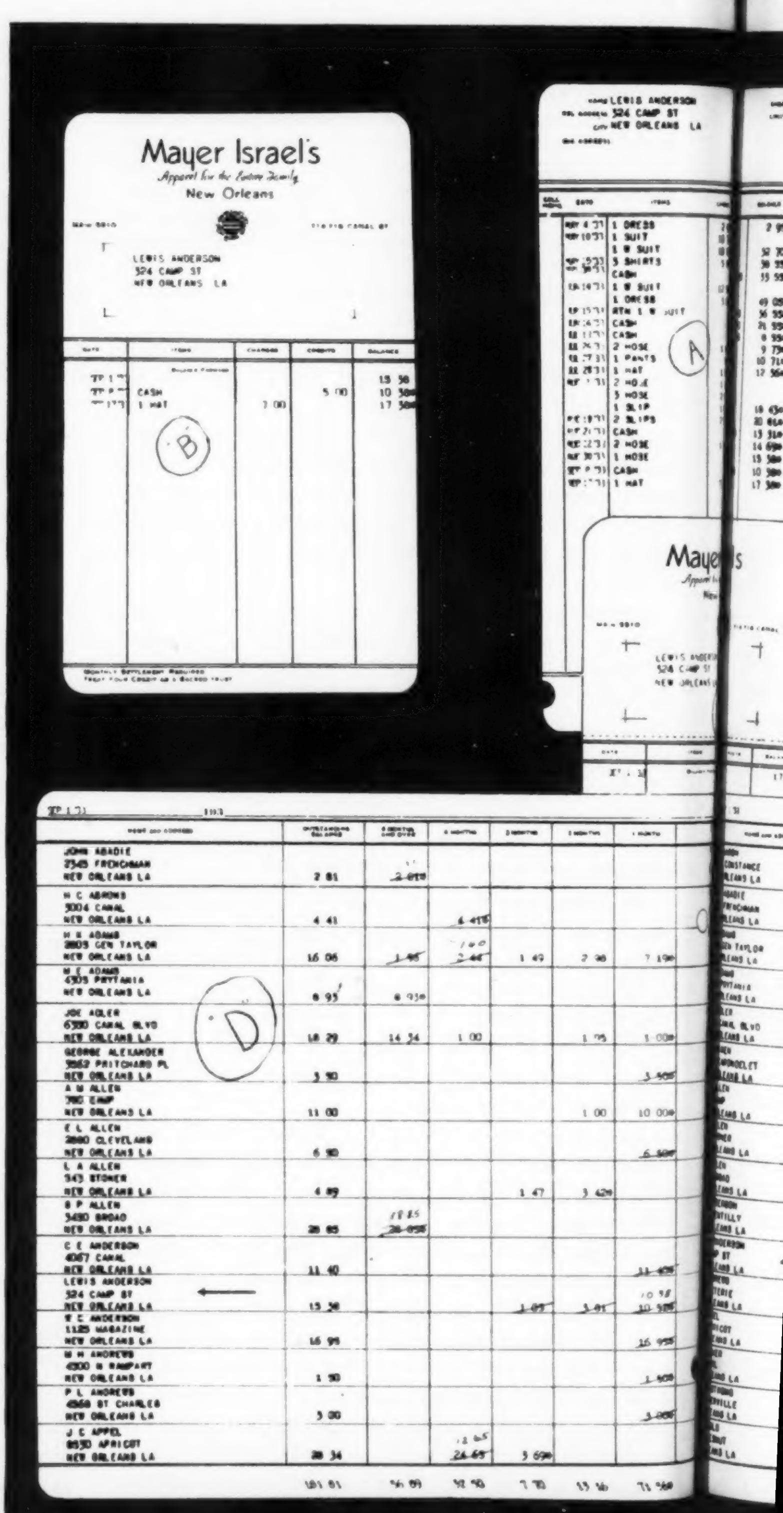
For the sake of clarity in discussing our routine, we will designate the illustrated forms as follows:

A—Customer's ledger sheet of LEWIS ANDERSON.

B—September statement of LEWIS ANDERSON.

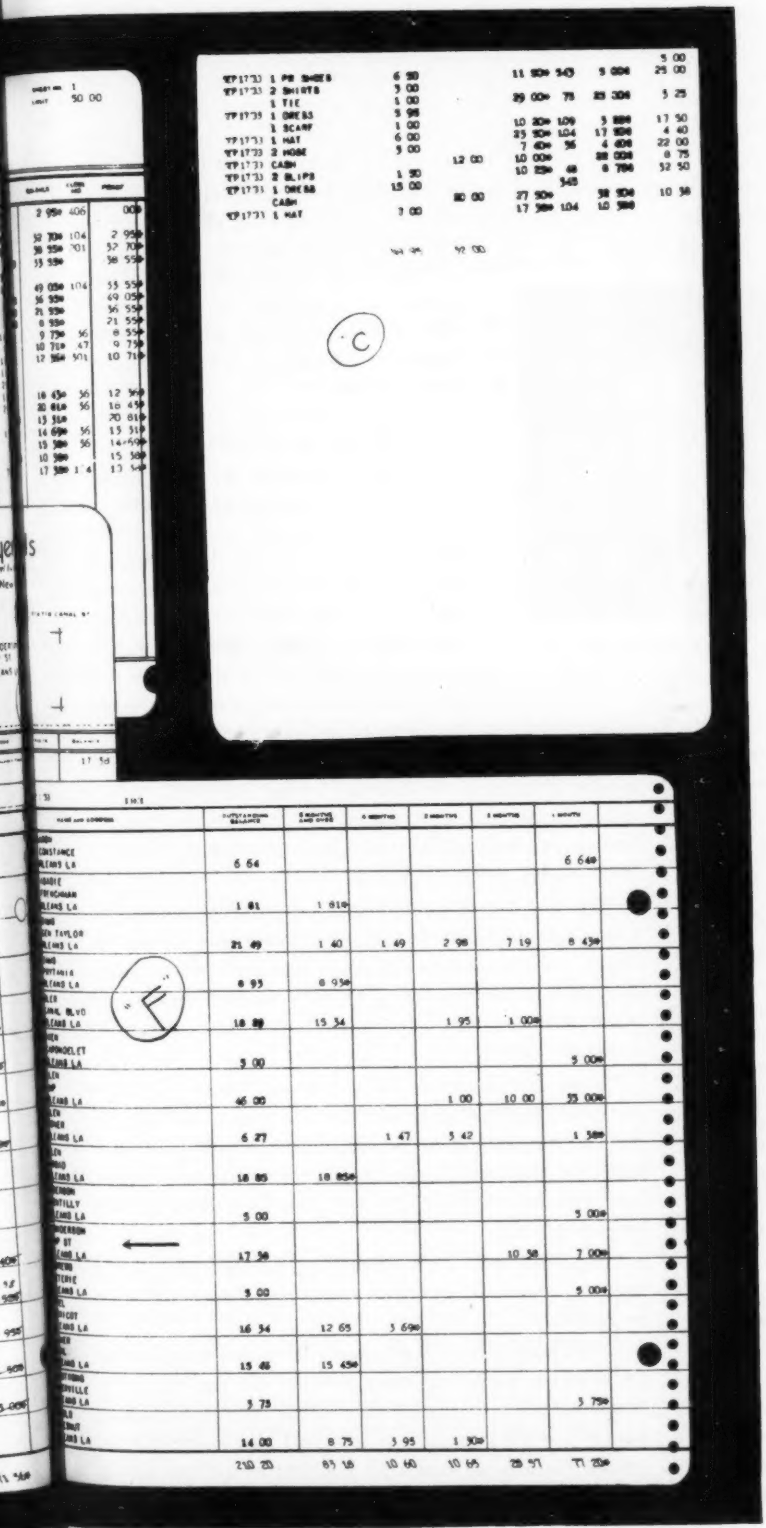
C—A daily audit sheet of postings.

D—Age-Analysis sheet made September 1.



for Effective Collections

Mayer Israel & Co., Inc., New Orleans, La.



E—October statement of LEWIS ANDERSON.

F—Age-Analysis sheet made October 1.

Note that these specimen Age-Analysis sheets (D and F) include the analysis of the account of LEWIS ANDERSON (A) as of their respective dates.

(Editor's Note: All names shown in these forms are fictitious.)

It is, of course, always necessary to head-up statements and bring forward outstanding balances at the beginning of the month. As we headed up statement B on September 1, the name and address carbonized on the Age-Analysis sheet D (at position indicated by arrow), and the statement was moved forward to the point where, when we inserted the outstanding balance of $15.38, that figure also carbonized on the Analysis sheet. (Note that we have secured the work on the Analysis up to this point as a by-product of regular work.) The status of the account at that time was, as shown on the Analysis, $1.05—3 months outstanding, $3.81—2 months outstanding, and $10.52—1 month outstanding, or current.

From the ledger sheet (A) it may be seen that a $5.00 payment was made on September 8, and this payment was reflected, that day, on the Analysis as indicated by the pen changes—liquidating the items of $1.05 and $3.81 and reducing the $10.52 item to $10.38. (This task of keeping the accounts up to the minute, daily, from the credits, is unbelievably small.) As we headed up the October statement (E) and brought forward the outstanding balance of $17.38, those items carbonized on the Age-Analysis sheet F (at position indicated by arrow) in the same routine as above outlined. The amount remaining outstanding 1 month on Analysis sheet D simply dropped into the 2 months' column on sheet F, and our machine automatically figured the new 1 month outstanding purchases and "cleared out" in that column. It is easily seen that this procedure in giving this valuable and pertinent information is simple, accurate, positive, fast, and economical—*mechanically proved.*

The utility of these Age-Analysis sheets for collection follow-up is obvious. The status of every account is seen at a glance.

(*Continued on page* 19.)

Trade Pulse Jumps Under NRA

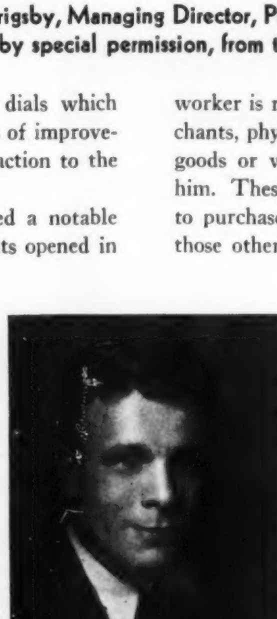
By CHARLES G. REINHARDT

An Interview with Louis S. Grigsby, Managing Director, Philadelphia Credit Bureau, Inc., Philadelphia, Pa. Reprinted, by special permission, from the Philadelphia Public Ledger

CREDITS and collections—those twin dials which business watches eagerly for indications of improvement—are showing an encouraging reaction to the current recovery program in Philadelphia.

In the last few weeks they have registered a notable increase in the number of new charge accounts opened in leading retail stores and a corresponding step-up in the payment of back bills, many of which had been overdue for many months.

These are the outstanding responses to reemployment under the NRA as seen by Louis S. Grigsby, managing director of the Philadelphia Credit Bureau, which, under the direction of the Chamber of Commerce, carries in its files more than a million ratings of buyers in metropolitan Philadelphia and compiles data for merchants, professional men and other credit granters.


Louis S. Grigsby

Workers Feel New Security

"The two—credit and collections—go hand in hand," said Mr. Grigsby. "Their current rise constitutes cheerful evidence of the fact that neither depression nor discouragement can permanently dim the American spirit.

"The majority of new charge accounts are being taken out by workers who have held their positions during the last few years of uncertainty, but who now, for the first time in months, seem to experience a sense of security. They are expressing this fresh confidence in the purchase of new and better clothing, more modern and more comfortable home furnishings, and all the other refinements which we associate with the American standard of living.

"The increase in collections reflects to a large degree the increase in employment. Workers who have been jobless for years are devoting their first pay envelopes to knifing down back debts made inevitable by previous loss of income. This, too, is typical of the American worker. He is determined to stand squarely on his own feet, to be beholden to nobody.

Frozen Assets Released

"Both manifestations are encouraging and invigorating to business as a whole. They quicken the entire life stream of commerce.

"By raising his living standards above mere essentials, the man with a steady income is setting an example which his neighbors and acquaintances will undoubtedly follow.

"By paying his overdue bills the newly employed worker is releasing frozen assets among thousands of merchants, physicians, plumbers, contractors and others whose goods or whose services have long been charged against him. These, as a result, are getting into a better position to purchase new stocks, hire more workers and to make those other expenditures on whose even rhythm our entire economic well-being is dependent.

"The cycle is a familiar one—from worker to merchant, to manufacturer and back to the pay envelope again, benefiting all through whose hands the money passes.

Reflected on National Scale

"These observations are based on evidence which pours in to us from the Philadelphia district. Undoubtedly, however, the conditions they reflect are being duplicated throughout the country. In a recent statement the American Federation of Labor estimated the total of reemployment under the NRA code at 4,000,000, and the increase in buying power resulting therefrom at 20.5 per cent.

"It forecasts, too, that the heavy industries will soon be greatly stimulated by contract-letting for public works and for new railroad equipment. What this can mean in further employment increases and a consequent surge of fresh buying power is obvious."

The October survey of the American Federation of Labor substantiated to an even greater degree on the national scale the observations made locally by Mr. Grigsby. It predicted, for instance, greatly increased buying power when more workers "are sure of their jobs and when debts are cleared."

"These developments," it continued, "mean far more for sound business progress than the spectacular rise we had last spring, but do not make nearly such good publicity, for these fundamentals will not appear in our business indicators until they have actually caused greater business activity.

"Expansion will come when large numbers of business men see results in increased orders and have confidence to go ahead.

"Meanwhile the evidence seems clear that more buyers are ordering goods and more workers are melting down frozen assets by paying off their debts. And that, fundamentally, is the basis for the increased purchasing, the increased business on which all students of current affairs agree recovery must depend."

Perpetual Age-Analysis for Effective Collections

(*Continued from page* 17.)

A delinquent account (and the stage of its delinquency) stands out prominently at all times. Letter numbers and/or dates, phone call dates, promises to pay, etc., may be noted. The posting clerks are not disturbed. The collection department spends its entire time on productive efforts instead of a large part of it turning ledger sheets and analyzing accounts. It is effective.

There are many other conveniences afforded by the Age-Analysis. It serves as a trial balance. We have thought of using a copy for the cashier's reference in receiving payments, thereby enabling the cashiers to stimulate collections by intelligently discussing past-due conditions of such accounts.

On sale days, when we naturally fall behind with our postings, our collection efforts are in no way interrupted by that condition. We plan now on using the Analysis as a basis for sales stimulation, picking out accounts having outstanding balances for, say, 2 months, writing them and suggesting our constant desire to serve them *every* month, while at the same time calling their attention to a balance now payable.

The credit bureau clerk saves time by referring to it. It flashes immediately if the ratio of collections is consistent with gain or loss of volume. By keeping a record of percentages over a period of time, we will be able to form monthly and seasonal collection expectations, which will be very desirable data from a financial standpoint and also for gauging the effectiveness of our collection efforts.

The Age-Analysis is of considerable assistance in authorization of credits. Formerly, we referred to the credit authorization card file—the delinquent accounts thereon having been signaled to direct further reference to the ledgers. Our new system permits direct reference to the ledgers, which has proved more satisfactory than the previous method.

Now, as accounts are shown to be delinquent by the Age-Analysis, they are so signaled on the ledger sheets by the simple use of a rubber stamp "W," which means "watch." We determined on this stamp system of signaling for the reason that our experience has indicated than an account, once delinquent, will very likely remain so except for constant watching. If an account becomes of good standing, the "W" is blocked out by a solid stamp over it, which, while loosening up on the credit, remains as a caution signal to not let that customer get in too deep.

These "watch" accounts are referred to the Credit Manager for action, and by using the Age-Analysis, he can personally handle a larger volume of such accounts with precision than was possible under our old system.

No one would willingly give up Age-Analysis under this system, once having known the multitude of conveniences afforded by it!

Six Proposed Amendments to the Bankruptcy Act

(Editor's Note: We print below the complete text of the bankruptcy amendments prepared by our Legislative Committee. Please read—first—the Committee's "Message to All American Retailers" on pages 12 and 13.)

73rd CONGRESS, 2nd SESSION

A BILL

To amend an Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and Acts amendatory thereof and supplementary thereto.

Be it enacted by the Senate and House of Representatives of the United States of America and in Congress assembled. That the Act of July 1, 1898, entitled "An Act to establish a uniform system of bankruptcy throughout the United States," as amended by the Acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27, 1926, and March 3, 1933, be, and it is hereby, amended to read as follows:

SECTION 11. SUITS BY AND AGAINST BANKRUPTS.—(a) A suit which is founded upon a claim from which a discharge would be a release, and which is pending against a person at the time of the filing of a petition against him, shall be stayed until after an adjudication or the dismissal of the petition; if such person is adjudged a bankrupt, such action may be further stayed until twelve months after the date of such adjudication, or, if, within that time such person applies for a discharge, or application has been made pursuant to the provisions of Section 14 (b) to bring his discharge on for hearing, then until the question of such discharge is determined.

SECTION 14. DISCHARGES, WHEN GRANTED.—(a) Any person may, after the expiration of one month and within six months, subsequent to being adjudged a bankrupt, file an application for a discharge with the referee before whom the proceedings are pending. A wage earner bankrupt whose scheduled indebtedness does not exceed $5,000.00, shall be granted his discharge, or his discharge shall be suspended or denied at the first meeting of his creditors. Any other bankrupt or debtor shall be granted his discharge or his discharge shall be suspended or denied at a meeting called upon his application or the application of the trustee or any creditor, except as otherwise provided in Section 73 (c).

(b) The court shall hear the application for the discharge and such proofs and pleas as may be made in opposition thereto by the trustee or parties in interest, at such time as will give the trustee or parties in interest, a reasonable opportunity to be fully heard; and investigate the merits of the application and enter an order granting, denying and suspending the discharge as hereinafter provided.

(c) The court shall deny the discharge if satisfied from such evidence as has been adduced that the bankrupt has (1) committed an offense punishable by imprisonment as herein provided; or (2) destroyed, mutilated, falsified, concealed, or failed to keep books of account, or records, from which his financial condition and business transactions might be ascertained, unless the court deem such failure or acts to have been justified, under all the circumstances of the case; or (3) obtained money or property on credit, or obtained an extension or renewal of credit, by making or publishing, or causing to be made or published, in any manner whatsoever, a materially false statement in writing respecting his financial condition; or (4) at any time subsequent to the first day of the twelve months immediately preceding the filing of the petition, transferred, removed, destroyed, or concealed or permitted to be removed, destroyed, or concealed any of his property, with intent to hinder, delay, or defraud his creditors; or (6) in the course of proceedings under this Act failed to perform any duty prescribed by Section (7) of this Act within the time limited therefore, or (7) has failed to explain satisfactorily any losses of assets or deficiencies of assets to meet his liabilities; Provided, That if upon the hearing of an application for a discharge it shall appear to the satisfaction of the court that there are reasonable grounds for believing that the bankrupt has committed any of the acts which under this paragraph (b) would prevent his discharge in bankruptcy, then the burden of proving that he has not committed any of such acts shall be upon the bankrupt.

(d) The court may enter an order granting an interlocutory discharge for a period not exceeding two years from the date of the order, if satisfied from such evidence as has been adduced (1) that the assets of the bankrupt above exemptions at the commencement of the procedures were not of a value equal to fifty cents on the dollar of the amount of his provable debts, unless he satisfies the court that such fact has been due to circumstances for which he cannot justly be held responsible; or (2) that he contracted any provable debt within four months prior to the commencement of the proceedings without having at the time of contracting it any reasonable or probable ground of expectation of being able to pay it; or (3) that he has brought on or contributed to his bankruptcy by rash and hazardous speculation or by unjustifiable extravagance in living or by gambling or by culpable neglect of his business affairs. For the purpose of this paragraph the assets of the bankrupt shall be deemed of value equal to fifty cents on the dollar of the amount of his provable debts above exemptions, if the Court is satisfied that the assets have realized, or are likely to realize, or that due care in realization might have realized the amount of such value.

(e) The order granting the interlocutory discharge shall prescribe such terms and conditions as to the Court shall seem just and equitable and upon compliance with which the bankrupt may renew his application for a final discharge.

(f) The bankrupt, any creditor or the trustee desiring to review an order of a referee granting or denying a final or interlocutory discharge, may request the referee to and the referee shall make up and transmit the record and findings in accordance with clause (5) subdivision (a) of Section 39.

(g) The trustee of any creditor of the bankrupt may file within, but not after, six months subject to the adjudication of such bankruptcy, an application for a meeting to consider the discharge of the bankrupt, and

such meeting shall be held within thirty days after the filing of such application.

SECTION 40. COMPENSATION OF REFEREES.—(a) Referees shall receive as full compensation for their services salaries to be fixed by the Attorney-General for the terms for which they are appointed, at reasonable rates not more than $10,000 per annum, to be determined in each instance with relation to the volume of business likely to be transacted in the district.

SECTION 45. QUALIFICATIONS OF TRUSTEES.—(a) Trustees shall be (1) individuals who are respectively competent to perform their duties and who reside or have an office in the judicial district within which they are appointed, or (2) corporations authorized by law to act in such capacity, and having an office in the judicial district within which they are appointed and (3) who have been admitted to a register established in accordance with paragraph (b) of this section, at least sixty days prior to appointment; Provided, however, That if there be no registered person willing to serve, a person not so registered may be appointed.

(b) Any person who desires to act as trustee or receiver within a judicial district, shall make application in triplicate upon a form to be prescribed by the Attorney-General, such application shall show the applicant's reputation, responsibility, experience and other qualifications and shall be filed with the clerk, who shall forthwith transmit one copy each to the Attorney-General and to the judge within the district. If said judge is satisfied that said applicant is competent he shall sign an order authorizing such applicant to be admitted to the Register of Certified Trustees. Such applicant shall thereupon be notified by the clerk to appear and register by signing the "Roll of Certified Trustees" in a book to be provided by the clerk for that purpose; (2) by filing with the clerk an oath to faithfully and diligently perform the duties of a trustee or receiver in any case in which he may be appointed; and (3) by paying to the clerk annually in advance a registration fee of $50.00. The clerk shall forthwith transmit the name and address of said certified trustee to the Attorney-General and to the referees within such judicial district; Provided, That the Attorney-General may file objections to the competency or other qualifications of any such applicant, or any person thereafter duly registered, which objection shall be heard by the Court in such manner as the Court may determine. Upon order of the court for cause, or in the event that any registrant shall fail to pay his annual registration fee at the time the same shall become due and payable, the clerk shall strike his name from the Roll of Certified Trustees and shall promptly notify the referees who are serving in the district and the Attorney-General of such action.

(c) Only persons registered as hereinabove in paragraph (b) of this section provided, except as hereinbefore set forth, shall be held to be competent to act as trustee, unless it shall be made to appear to the court that any such person is a relative of the bankrupt, or at the date of the petition or within four months prior thereto has been an officer or attorney for the bankrupt, or any agent, employee or associate of the bankrupt or of his attorney, or who is or has been, within four months prior to the date of the filing of the petition, a creditor of the bankrupt or an officer of a corporation which is or within such time has been a creditor of the bankrupt, or who has, within four months prior to the filing of the petition, acted in any fiduciary capacity for the bankrupt.

(d) The judge shall, on the application of the Attorney-General or of any creditor of an estate which is pending and which is being administered by a person registered pursuant to the provisions of this section, hear any complaints of the conduct of such person, and for cause shown at a hearing thereon, to be held upon due notice to the person complained of, may enter an order striking the name of such person from the Roll of Certified Trustees and removing him from office. Any such person shall thereafter be disqualified from again registering or accepting appointments in any case thereafter unless upon appeal to the Circuit Court of Appeals such disqualification shall be removed and the person be reinstated on the Roll of Certified Trustees by order of the court. Said appeal is hereby granted as a matter of right to any registered trustee, and during the pendency thereof the court may suspend such trustee from acting until the appeal is determined, and such appeal shall be prosecuted within the time and in the matter of other appeals allowed by this Act.

SECTION 71. DUTY OF CLERKS TO KEEP RECORDS.—(b) The President of the United States shall appoint an assistant attorney-general by and with the advice and consent of the Senate who shall under the direction of the Attorney-General devote all of his time to the administration of the bankruptcy act, receiving, therefor, the same remuneration now fixed by law or may hereafter be fixed as compensation for the other assistant attorneys-general as such office now exists. Such assistant attorney-general, in addition to the duties imposed on him in this regard by the Attorney-General shall, from time to time, cause to be investigated the official acts, records, and accounts of referees and receivers, trustees or other custodians in bankruptcy of the United States courts and territorial courts. Such assistant attorney-general is hereby authorized, in addition thereto, to make special examinations upon complaint of interested parties but when such examinations are made and completed a copy of the report upon such examination or a summary thereof shall be furnished to such complaining parties as well as to the judge or judges of the United States District Courts within the district where such examination is made. Copies of all other reports made in pursuance of this provision shall be open to the public upon such terms and conditions as the Attorney-General may prescribe; Provided, however, that the Attorney-General shall have the right to refuse inspection of such report whenever in his judgment such inspection would be incompatible with the public interest and, Provided, further, copies of all reports, whenever and wherever made, shall be furnished to the judge or judges of each judicial district within which such report is made.

SECTION 78. AMORTIZATION OF DEBTS.—(a) A wage earner may file a petition alleging that he is insolvent or unable to meet his debts as they mature, but is able to make future payments sufficient to amortize the balance of his indebtedness after the application of the realizable value, if any, of his nonexempt property, over a period of not more than two years.

(b) Upon approving the petition the court shall appoint a trustee and call the first meeting of creditors. The debtor shall prepare, make oath to and submit to the trustee before the meeting the debtor's statement of affairs, and the trustee shall file such statement with the court. At the meeting the court shall fix and order the periodic payments to be made by the debtor to the trustee in accordance with his capacity to pay. Upon application of any creditor or of the debtor or trustee, and on notice to the debtor and trustee, the court for cause shown may order the payments to be increased or decreased from time

(*Continued on page 25.*)

Retail Credit Problems of the Tire Industry

By W. H. KEPLINGER

District Credit Manager, B. F. Goodrich Rubber Co.
Philadelphia, Pa.

[An Address Before the Tri-State Retail Credit Convention, Allentown, Pa., September 25, 1933]

THE confidence of retailers in general in their local credit bureau has increased to a considerable degree during the past few years. The ability of local bureau managers to organize their local merchants in a centralized credit bureau has been recognized by the majority of retailers and there is no hesitancy today on the part of the average merchant to throw his support to his local bureau.

Under the changing conditions of the past four years it has been imperative for merchants to extend credit on an intelligent basis and in order to do this, membership in the local Credit Bureau has been necessary. The National Retail Credit Survey for the first six months of 1933 indicates that in spite of economic conditions, retail credit has actually improved over the same period of a year ago. This success is shared in large measure by both the local credit bureau manager, who has led the way to better credit control, and by the merchant himself, who has more intelligently extended credit and followed his delinquent accounts more aggressively.

It has been my experience with the credit bureaus, in the eastern part of the country particularly, that they are established on a good business basis with modern equipment and intelligent and hard-working managers who have kept pace with changing ideas and methods. Retailers in general have cooperated with their local bureaus in the matter of credit extension, and as a result, definite progress has been made in the reduction of bad account losses.

The procedure of furnishing credit information to retailers has been standardized to a considerable degree during the past few years, and merchants are satisfied with the service they are receiving. In most businesses the standard report which gives the identity, history (or antecedents), character, resources and paying ability of the consumer is all that is required and this information can usually be furnished over the telephone within a reasonable time. This makes it possible to extend credit in most business houses with a minimum of delay and inconvenience to the consumer.

The problem of tire retailers differs in several respects from the problem of other retailers, in that the tire merchant must extend credit not only to the consumer, but to certain other classes of trade which I will discuss, and each one of which presents a particular problem.

The national users, which include the major tire companies, chain stores, etc., and who operate in all parts of the country, prefer to have memberships in the local bureaus. The national user, however, desires a uniform contract and cost on the various reports.

The National Consumer Credit Reporting Corporation has been organized during the past year to facilitate the furnishing of standardized reports at standard prices on a unified "one-contract-one-billing" basis.

The extension of credit to the consumer does not differ to any great extent from that of most retailers and therefore does not present a particular problem to the tire merchant. The problem of time-payment selling has been with the tire retailer for some time and is more acute today than ever before. More consumers are finding it necessary under present-day conditions to purchase their tires on the installment or budget plan. It is necessary in extending credit on this basis to obtain more complete information than in the past.

We believe it is very necessary to include in the credit reports on consumers the following:

1. Type of employment or profession followed.
2. Length of time in such occupation.
3. Yearly income.
4. Size of family, including number of dependents and also the number of wage earners in the household who are contributing to the upkeep of the family and home.
5. The financial standing of individuals which shows ownership of real estate.
6. Interest in business enterprises.
7. Income from other sources than their salary income.
8. A record of any tangible assets possessed by the individual.
9. Method of paying bills and meeting obligations *with all lines of business and professions.*

In this last respect it is necessary to know how they have paid other tire dealers as well as the department store, grocer, clothing store, etc. In order to learn the paying experience with other tire companies, it is of course necessary that they all have membership in the local credit bureau and this presents an opportunity for the local bureau manager to obtain some new members.

(*Continued on page* 24.)

Retail Credit Problems of the Tire Industry

(*Continued from page 22.*)

The time-payment buyer in most instances is purchasing his automobile and the report should include the amount owing to the finance company and the manner of payment. While in many cases tires are sold with a conditional sales agreement, or chattel mortgage, these agreements are not always recorded for in some states they have the status of a second lien until the automobile is completely paid for and the finance company releases its first lien.

A second type of credit risk with which the tire dealer must deal, is the "commercial account." The commercial operator can be divided into several classes, but we will consider first the operator who owns his own delivery equipment, which includes laundries, bakeries, etc. In most cases the larger operators who own five trucks or more are fairly well established in business and it is possible to secure sufficient financial information to extend credit.

These operators purchase tires for their own use, but credit extension to this class is in the middle ground between wholesale and retail. We have, in the past, attempted to secure our credit information from the commercial agencies, but are swinging more and more to the local credit bureaus.

We would like to know particularly whether the business has been successful in the past and its prospects for the future. We should know if the company under investigation is in a highly competitive field, whether it deals in installment selling, whether influenced by seasonal trends, and whether the product has public acceptance. We also must know if the management is considered capable and experienced and how regarded by the trade.

We should know, further, the capital structure; that is, proprietorship, partnership or corporation and the names of the individuals or officers concerned. We need to know something of their financial condition with respect to their operating figures as well as their paying ability.

You will see from this that it is necessary to secure a little different type of information than is used in consumer reporting. There is, however, a particular field for you, bureau managers, in this respect and you are meeting the situation in a satisfactory manner.

The major problem in a large number of tire stores today is the small trucker. Recent figures show that 82 per cent of all truck owners operate five trucks or less. Truck tires represent a large share of the production of major rubber companies and particular pressure is brought to bear by the various sales organizations to encourage the sale of truck tires. The small trucker, because he represents such a large potential of the truck tire market, naturally comes into the spotlight and this presents a particular problem to the credit manager.

The rubber companies have learned from bitter experience in their company-owned stores, as well as from their independent dealers, that the largest part of their credit losses has occurred with this class of business. It is difficult to pass this business by because it represents such a major share of the truck tire market, so it becomes necessary to work out some plan to obtain sufficient information to extend credit to this class of trade on an open account basis.

We recognize that this is the most difficult type of credit report because the usual procedure of investigation cannot be followed. Bureau managers have been reluctant to investigate these small truckers and the same thing has been true of the commercial agencies. As a result the tire credit men have found it necessary to make their own investigations and this, of course, has taken a large part of their time.

We believe that the logical place to obtain credit information for this type of customer is from the local retail credit bureau, who should be able to develop a particular type of report which will make it possible to intelligently extend credit to this type of risk.

It is admitted that the report will have to be of a special nature and a corresponding charge made for the report, but I feel safe in saying that tire merchants will be glad to pay the charges involved for the right type of information. This report should include:

1. Nature of the business; how long in business and what success in the past.
2. Is the trucker a long-distance hauler or does he have local hauling? What is the nature of the merchandise hauled?
3. The nature and duration of any and all hauling contracts handled by the trucker.
4. The profitableness of the trucker's operations, together with local competition in his line.
5. Equity in trucks and equipment, together with method and manner of payments on such trucks and equipment.
6. The equity and encumbrance in real estate and whether held individually or jointly.
7. The paying experience and habits as well as business capacity of the trucker.
8. The condition and estimated resale value of trucks and equipment.
9. The load and operating conditions of each and all trucks. *(This question is particularly important in order to know whether trucks will be overloaded and whether the problem of adjustments will come up in the future.)*
10. A record of suits, judgments, liens and executions.

In order to secure this information it of course will be necessary to talk to the trucker or someone in his employ and to look over the equipment. It will be necessary to talk with the truck manufacturer or his local representative and also the finance company in order to learn the amount of encumbrance on the truck or trucks and the manner of payment. A record of the paying experience with other creditors will usually show several tire companies involved *which makes it more necessary that all tire retailers be members of the local credit bureau.*

This is the major problem of tire credit men and if retail credit bureau managers can help solve this problem they will have made an important contribution to the field of credit as it affects the rubber companies who stand ready and willing at all times to give you their support in working up a report of this kind for we recognize the difficulties involved. We hope, however, that you will recognize our particular problem and organize your bureau service to help meet the situation in your local community.

The bureau manager can make another important contribution to the field of credit by his help in organizing local tire merchants into an organized unit, not only for the extension of credit, but to correct certain evils that have crept into merchandising policies. There are certain bureau managers, members of this Association, who have already taken this step and have in their communities at the present time strong organizations of tire dealers.

The organizations have been able to correct certain trade abuses which have eliminated cut-throat competition and made possible a net profit for every legitimate tire merchant in the community. Credit abuses have been eliminated and a stronger community credit policy has resulted.

The officials of the major rubber companies have recognized the need for strong dealer organizations and have given their whole-hearted support to these organizations. The logical head of any local tire organization is the manager of the retail credit bureau for credit is the one common ground on which such organizations can be started and from which a healthy growth will come.

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An Analysis of Profit and Loss Accounts

(*Continued from page* 5.)

ment had not been made on it within six months of the end of the fiscal year, unless, of course, special arrangements had been made. Exceptions are sometimes made as applying to accounts that have been on the books of a given store for many years and which are considered absolutely good, but customarily, unless a payment is made as late as September, the account should be charged off

Table 3--Yearly Charge-Off Percentages

Accounts Incurred In	Total Accounts 75 Businesses and Professions	Per Cent of Total
1930	2,139	44.0%
1929	1,931	39.7
1928	548	11.3
1927	129	2.6
1926	67	1.4
1925	33	.7
1924	9	.2
1923	3	.06
1922	2	.03
1921	1	.01
Total	4,862	100.0

the books on January 31, the usual fiscal closing date. It is true that in many instances accounts can be collected after they have been charged off, but by charging these accounts off as soon as they appear questionable, the books can be kept clean and in a healthy condition. Stringent collection effort can then be concentrated on those accounts which have been charged off to Profit and Loss and which can always be kept at finger tips.

It is not reasonable to presume that accounts can be handled like sacks of salt or bales of hay, but rather it is necessary that each account be analyzed and given individual attention as well as authoritative supervision. The credit manager must exert special pressure on the observance of terms at all times. There is a false conception on the part of credit men in general that the end of the fiscal year is the time to charge off accounts, whereas, as a matter of fact, an account should be classified and treated as a Profit and Loss item immediately its collectibility becomes questionable.

Some stores make a practice of separating into a separate ledger accounts that are periodically classified as uncollectible from the satisfactory current accounts. This particular suspense ledger of accounts, then, will be given primary and necessary thought and consideration by the credit manager if he is alive to his job. In other words, credit managers should keep their books clean and they should charge accounts off when they are bad and not permit any sentiment to enter into the procedure.

(*To be continued.*)

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Six Proposed Amendments--

(*Continued from page* 21.)

to time. Upon the payment in full of all debts proved and allowed, the case shall be dismissed.

(c) If upon the expiration of the period of amortization, or of any extension thereof granted by the court, all debts proved and allowed shall not have been paid in full, the court may enter an order granting the debtor a discharge if satisfied that the debtor's petition was in good faith, and that his inability to complete the payments was due to circumstances for which he could not justly be held responsible. Any creditor shall have the right to appear in such proceeding and oppose such discharge with supporting facts but should the court overrule such objections and order a discharge or, with or without objection, grant a discharge such discharge shall relieve the debtor from all debts from which he would be relieved by a discharge in bankruptcy. If not so satisfied, the court shall adjudge the debtor a bankrupt. Upon the debtor's adjudication the court shall call a meeting for the consideration of his discharge upon notice as provided in Section 58, subdivision (b), of the Act.

(d) No petition may be filed under the provisions of this section by a debtor who has within six years previously filed such a petition or been granted a discharge.

(e) Nothing in this section shall be deemed to affect the rights of creditors whose claims were not provable in the proceedings or arose subsequent to the filing of the petition from pursuing such remedies for the enforcement and collection of their claims against the debtor and such of his property the title to which has not vested in the trustee, as they would have had if proceedings under this section had not been instituted.

Washington Bulletin

R. PRESTON SHEALEY
Washington Counsel, National Retail Credit Association

FOREWORD

WHILE some aspects of war-time activity still appear on the banks of the Potomac, streams of business men appearing at the Department of Commerce for code hearings do not pack the corridors as was the case in August, September and October.

The Public Works Administration has allotted about $2,379,800,454 of the three billion public works fund to the various Government departments and an activity in connection with getting these contracts under way is bringing many business men to Washington.

In addition, Congress is soon to be with us and the annual legislative battle will then be on. The coming session promises to be, in some respects, a bitter one, with several crucial matters to be fought all over again and decided.

Legislative

Return of 5c Air Mail Rate Proposed

Two phases of the postal situation of great importance to retail credit granters and service bureaus will be advanced for consideration early in the coming session. The Kelly bill, H.R. 3, which proposes to reduce the air mail rate for the first ounce to 5c and to change the system of payment for carrying air mail from the space to the poundage system will be pressed for passage.

At the close of the last session, the Postmaster-General indicated that he would have recommendations ready for the incoming session on air mail and these recommendations, which will no doubt be published in his annual report about December 15, are awaited with interest. The cost of air mail, at the present time, is around fifteen million dollars annually and the revenues about ten million.

Sponsors of the Kelly bill estimate that the 5c air mail stamp, with the change of payment from the space to the poundage system, would make the air mail system self-supporting by 1939. The cost of the first year under this system is estimated at eleven millions with the revenue ten millions.

First-Class Postage Rates Again in Question

What's going to happen to the 3c-to-2c rate revision at the coming session of Congress, is a matter of moment. Some postal officials seem to feel that the reduction from 3c to 2c for local delivery has knocked off approximately one-third of the revenues from this source, while others think that in spite of the reduction the increased use of first-class mail for local delivery has about offset the reduction. All in all, the present session of Congress is sure to witness a determined fight to make the 2c rate universal.

Tax Revision—Upward?

It now develops that the subcommittee of the House Ways and Means Committee, the personnel of which was listed in the August Washington Bulletin, has not only been considering tax duplication and possible liquor taxes but in recent weeks the general subject of revenue, with some attention even to possible increases. It was the general expectation that with the repeal of the Eighteenth Amendment and return of liquor revenue, increased taxes might be avoided and in fact some of the so-called nuisance taxes repealed.

Some doubt about the repeal of these taxes is now beginning to appear in Washington, though it is a fact that rigid economy of the past several years in recurring annual expenditures and some increases in the revenue are helpful signs which may improve the chances for repeal of at least some of the nuisance taxes.

Hearings on Federal Expenditures

Subcommittees of the House Appropriations Committee commenced hearings on Federal expenditures on December 4, with a view to having some of the appropriations bills ready for introduction when Congress convenes in January. The report of Director of the Budget Douglas is expected to be available December 15, in time for use by the Appropriations Committee.

Railroads' Position Improving

When Congress adjourned in June, it was the thought that Federal Coordinator of Railroads Eastman would submit at the coming session of Congress a general plan of coordinated railroad operation with railroads engaging in all forms of transportation. The Pennsylvania Railroad has recently inaugurated a pick-up-by-truck service in less than carload lots and though this service is being attacked, the I. C. C. on November 27 decided to give sufficient time to demonstrate the value of the experiment.

With much attention now being given to lighter train weights, speedier schedules, and some reduction of fares, bus transportation, so it is said in Washington, is not cutting into railroad revenues to the extent that it did when the agitation first began some several years ago for coordinated rail service. It would seem from these

indications that the railroad situation is showing some improvement and that while slow it is not depending as much on legislation for help as it was thought would be the case a year or so ago.

Departmental

Automobile Sales for October 103 Per Cent Above October, 1932

Preliminary estimates of retail sales through variety stores show an increase of 5.9 per cent for the month of October as compared with October, 1932, according to releases from the Bureau of Foreign and Domestic Commerce. An increase of 4.8 per cent over September of this year is also shown and is similar to the seasonal increase recorded during the past two years but less than is normally expected in October.

Preliminary figures were also released on the value of retail sales of new automobiles computed from number of cars sold as reported by the National Automobile Chamber of Commerce. These figures show an increase of 103 per cent for the past October over October, 1932, and a decrease of 16.1 per cent as compared with September of this year. This is the first time in five years that sales in October have been greater than in October of the previous year. The September to October change is less than the usual seasonal decline.

These indexes are released monthly by the Department of Commerce as an aid in tracing the movement of goods into the hands of the consumer.

Court Decisions

More About "the High Cost of Bankruptcy Administration"

On November 17, a petition for a writ of certiorari to the Circuit Court of Appeals, for the 7th Circuit, in an Indiana bankruptcy matter was filed in the Supreme Court by a firm of attorneys of Wilmington of which Senator Daniel O. Hastings of Delaware, Chairman of the subcommittee on bankruptcy in the 72nd Congress, is senior member. The petition is a most interesting one and if the writ is allowed by the Supreme Court it will bring before that body for decision the official acts of a referee in bankruptcy.

The petition charges that a referee in bankruptcy "without warrant of law, sent four thousand notices to stockholders suggesting that they might file claims and that the referee, in effect, created new creditors for the purpose of allowing himself a fee of $1,500." If the evidence in this case substantiates these allegations, retail credit men will naturally conclude that the provision in *their* suggested bankruptcy bill, amending Section 71, to create an additional attorney-general to have exclusive charge of bankruptcy and for a continual check-up of the operations of the act, has merit.

An Important Libel Decision

Many credit managers are interested in the law of libel, as applied to publications, since most credit bureaus have monthy or weekly publications in which doubtful statements may occasionally appear. The Circuit Court of Appeals, 10th Circuit, in *Oklahoma Pub. Co. v. Givens,* has recently held that in the matter of a publication libelous per se, in this case a news article in a daily paper, the party libeled is entitled to recover general damage "without proof of actual injury, as injury is presumed."

In other words, if a slanderous statement is published it is not necessary for the party libeled as the basis of a successful action to show special injury resulting from the libelous article. In this particular case the article was apparently published without malice, that is "without ill will, bad motive, hatred, or intent to injure" but the court held that this constituted no defense for a claim for compensatory damages and that "the intent or purpose with which such a publication is made is immaterial in the trial of the claim for the actual or compensatory damages which the party injured may seek. It is important only when a claim for exemplary damages is to be considered."

Quoted words were used by the court in its opinion from Judge Sanborn's decision in *Palmer v. Mahin, 120 F. 737 (C. C. A. 8), 67 F. (2d) 62.*

Inactive Account Promotion Plans and Letters

(*Continued from page 15.*)

following month, totalling $2,108.03, or an average per account of $20.16. The cost of this solicitation likewise figured .7 per cent.

This work was continued, with especial attention being paid to the particular list of accounts which had gone into the inactive file on March first. After nine months of this work a check-up revealed that of the original 472 accounts which had become inactive on March first, 418 had since been restored to the active account classification. Thus the results of this effort on this special group of customers resulted in the return of 88.56 per cent to active buying again. It is also notable that after each of these particular accounts had become active again, it remained active continually throughout the remainder of the period.

The results which were obtained by the credit department in pursuing this line of activity over a one-year period are summarized in the following table.

Table on Inactive Accounts

The following is a complete outline of the average monthly results from our Inactive Account program:

Monthly average number of accounts in mailing	1698
Monthly average number of accounts used in 30 days	257
Monthly average per cent of response to total monthly mailing	16.28%
Monthly average per cent of response during 12 months for each monthly group	61.12%
Monthly average purchase per account $	9.48
Monthly average purchase for accounts becoming active $	2474.91
Monthly average cost of mailing $	54.01
Monthly average per cent of cost to purchases	2.8 %
Monthly average number of accounts withdrawn each month from ledgers as Inactive for 90 days	504
Monthly average per cent of Inactive Accounts to total accounts each month	9.68%

The fact that we have been able to hold our Inactive Accounts to 9.68 per cent per month is evidence of the results which can be obtained from planning a constructive and consistent campaign to maintain active accounts the year round. However, the fact that we are constantly keeping before them the fact that their accounts are open for them to use at any future date will bring us business through the use of their account at some time later on.

The letters found on the following pages are examples of this type used during 1931: Nos. 206, 228, 229, 230, 237, 238, 248.

Letter No. 206

Dear Madam:

We are appreciative of your patronage during the year just closed, and we look forward to a continuance of pleasant relations and good will during this year.

The absence of charges on your account the past three months, prompts us to call your attention to the opportunity for worth-while savings during the January sales, which offer values of tremendous importance. A few of these are:

January sale of Linens and Bedding.

Twenty per cent discount on all men's, women's and children's shoes.

A very special introductory offer in full-fashioned "Finery" hose, 95c.

The first of New Spring "Janet Walker" dresses are here. They tell the whole story of new fashions in their exquisite styles and colors, $19.75.

Your account could be used to advantage at this particular time.

Letter No. 228

Dear Madam:

The coming of spring brings thoughts of new things. You will be delighted with the many changes in styles and colorings for this season and at a very reasonable cost.

Our stocks this season are very complete and we suggest that you make an early inspection of them, for we are sure you will be greatly pleased.

The Annual Spring Opening will be held March 4 to 7, and the Business and Professional Women's Style Show will be held on our third floor during the week of March 9 to 14. You are cordially invited to attend them.

We offer you every service of this store while shopping and one of these is your charge account. Use it to advantage and enjoy the intimate contact made possible through an account.

Letter No. 229

Dear Madam:

April is an outstanding month at Parker's because it marks the anniversary of twenty-five years of service to our customers.

As a token of appreciation to the many customers who have patronized us so faithfully during the past quarter of a century, we are offering special values in each department during this month. We sincerely believe that the values we are offering are of such a nature that you will benefit materially by shopping here this month.

Although it has been several months since you last used your charge account, we are sure you will want to use it now in order to take full advantage of this event. Your account is still open and may be used at any time.

Please come in at your earliest convenience and inspect the many marvelous values that we have assembled for our Silver Anniversary Month.

Letter No. 230

Dear Madam:

Mother's Day is May 10th. You will want to make this a memorable day by giving a suitable gift.

We are offering a wide variety of worthy merchandise at prices to suit everyone and at every price range our values are exceptional. The service of the store is planned to bring a sense of real pleasure in dealing here.

Although your charge account has not been active for the past few months, do not hesitate to use it whenever you wish, as we have kept it open for you.

Merry Christmas

A Happy New Year

To every member of the National Retail Credit Association

A. P. LOVETT

President

Letter No. 237

Dear Madam:

The month of July offers as many (or more) real opportunities to shop advantageously as any other month in the year.

And this July will be of especial interest to Parker customers because of the special inducements being offered during the month in addition to the low level of prices already prevalent throughout the store.

You will find this the most opportune time to select your travel and vacation apparel from our stocks of dresses, coats and suits now reduced to half-price. The seasonal reductions of shoes now being offered are also unusually attractive.

Your charge account which we have kept open for you, might be conveniently used to take advantage of the many outstanding value opportunities which this store will offer during July.

Letter No. 238

Dear Madam:

We are enclosing a folder which illustrates the extraordinary values that are being offered in fur and fur-trimmed coats during August. This is merely one example of the exceptional style and value opportunities which are to be found in every department throughout the store.

With the interesting new styles predominating in every apparel line at the new low prices, we feel sure that you can shop now to greater advantage than ever before.

May we suggest that you use the charge account which we have kept open for you. It is a convenient service of this store which we are glad to extend to you.

Letter No. 248

Dear Madam:

Fall shoes reflect substantial savings in better styles and finer quality at no increase in price.

Parker's "Surety Six" at the same standard price, $6.00, is very much superior to its predecessors—better styles, better quality and better workmanship.

"Peacock" and "Foot Friend" shoes at $8.50 and $10 and $12.50 featuring fashions for every occasion. The values are noticeably much better and are reflected in better quality of leathers, finer construction and superior fitting styles.

A new addition to our shoe family, "Miss Moderne," the shoe for the young "Miss." Combining these important essentials for the modern girl—comfort, style and economy at $5.00.

By choosing your footwear now, you will find stocks complete in size ranges, as well as styles and colors.

Your charge account which is open for you—adds to the convenience of shopping. Won't you use your account when making your next purchase?

A very interesting figure comparing the number of Inactive accounts withdrawn in January and February 1931 against January and February 1932, is as follows:

January,	1931—1003	Inactive or	19.65%
January,	1932— 415	Inactive or	10.42%
February,	1931— 340	Inactive or	8.49%
February,	1932— 312	Inactive or	6.28%

The preceding letters are further examples of the type which have been found to be the most productive for the purpose of regaining the business of those customers who have allowed their accounts to become inactive. It is quite necessary that, when more than one letter is sent to the same customer, the wording and thought be individual and different in each case so as to avoid the danger of having the customers lose interest in reading such messages.

Stereotyped messages should by all means be avoided and every effort be made to make the customer feel that each letter is a personal message written especially for her. This is best done by writing a new letter for each separate occasion and personalizing the letter with the customer's name and address.

Credit Flashes--
Personal and Otherwise

More About Credit Women's Breakfast Clubs

Seeing that the subject of Credit Women's Breakfast Clubs has recently come to the fore, I am taking the earliest opportunity to add my meed of praise to these invaluable organizations.

Here in Vancouver such a club was organized in September, 1932, which has now a membership of approximately eighty women, all connected with firms holding memberships in the Retail Credit Grantors' Association. A breakfast is held once every month at 7:00 a.m. and in spite of the early hour, fifty is considered a minimum attendance.

It will possibly be remembered that we held in May a very successful conference of the Retail Credit Associations of the Pacific Northwest, in connection with which some very complimentary remarks appeared in The Credit World, and if Mr. Caldwell's remarks did not make this point clear, I wish to do so now by stating that not less than 50 per cent of the success of this conference was due to the efforts of the Vancouver Credit Women's Breakfast Club.

These Breakfast Clubs appear to be a peculiarity of the Pacific Northwest, but a "darned useful" peculiarity which might well be adopted throughout the American continent. The set-up of these clubs helps to carry out the spirit of cooperation, which is of course the keynote of all credit associations and being one of those old-fashioned or conservative individuals inclined to scoff at such innovations, I feel better qualified to give an unbiased opinion as to the value of the Breakfast Club movement.

The camaraderie established by personal contact between the great majority of women members in the various credit offices in the community promotes harmonious cooperation to an extent which is of incomparable value. The individual Breakfast Club members show an interest in their line of business which was never in evidence before and, in a great many cases, those who lacked ambition in the past, except to do the work placed before them from opening time to closing time and draw their pay therefor on pay day, now take an intelligent interest in all credit problems.

Likewise, they show a tremendous keenness to be able to acquit themselves worthily in any company and speak intelligibly in public if occasion arises and educate themselves in credit matters. More important still, they strive to constantly help by word and action to educate the credit-seeking public along right lines. Through such credit education, it is my firm belief, the majority of the credit man's problems will ultimately be solved.

I would strongly recommend this Breakfast Club idea to all credit organizations throughout this continent and shall be glad to give or obtain any information or advice in connection with the forming and operating of a Credit Women's Breakfast Club for the benefit of any Credit Associations that contemplate following this most promising avenue of progress.

C. R. M. Gale,
Credit Manager, David Spencer, Ltd.,
President, Retail Credit Grantors' Association,
Vancouver, B. C.

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"Stopping Credit a Favor to Customer," says Lawo

George Lawo, Credit Manager of The John Gerber Company, Memphis, says: "A credit man does a favor to the customer every time he stops his or her credit." No doubt that is true, but think how hard it is to convince the customer of that fact. Then is when the credit manager must use all the diplomacy, tact and logic at his command.

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The Retail Credit Association of New Orleans will hold its annual banquet on December 9, on the Jung Roof.

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Nebraska State Meeting

The fifteenth semiannual convention of the Associated Credit Bureaus and Credit Managers of Nebraska was held at North Platte, November 19-21, and a very interesting and instructive program was carried through. National officials present were Director Max Meyer, Manager-Treasurer D. J. Woodlock and Field Secretary Charles O. Stiles.

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Dallas Has Doctors' Secretaries Class

The Merchants Retail Credit Association of Dallas has been holding a series of lectures for physicians' and dentists' secretaries. This is an idea of J. E. R. Chilton, Jr., to train office assistants in the handling of credit.

The classes have been attended by an average of fifty and have relieved the doctors of the necessity of personally training their employees. At the same time uniform procedure is developed, which is of untold value to the profession. The class is conducted as a part of the N. R. C. A. Educational Course.

Fort Worth Uses Radio to Promote Sound Credit

The Fort Worth Retail Credit Men's Association of Fort Worth, Texas, on September 17, arranged with Station "WBAP" for one-minute spot announcements to be broadcast on Sunday and Tuesday evenings, between seven and nine o'clock for twenty-seven consecutive programs.

These talks, of about one hundred and fifty words each, were designed to educate the public in safeguarding their credit and the thousands of letters from business leaders within a radius of five hundred miles indicate an unusual interest in this program. E. C. Graves, Secretary-Manager of the Association, tells us the cost is very reasonable for this type of announcement and suggests that all local associations, in cities where there are broadcasting stations, look into the plan.

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The CREDIT WORLD extends its sympathy to George A. Lawo of Memphis, Tennessee, Past President of the National Retail Credit Association, on the passing of his mother, Mrs. Seraphine B. Lawo.

Mrs. Lawo was seventy-five years of age. She is survived by one daughter and four sons. Her death occurred November 29.

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Baton Rouge Retailers Adopt Credit Policy

Forty-five of the leading retailers of Baton Rouge, Louisiana, have signed the new Credit Policy of the Retail Merchants Credit Association of that city and enclosed with their monthly statements to their customers a folder reading as follows:

A NEW CREDIT POLICY

Our retail merchants who extend the privilege of charge accounts are proud of your patronage and friendship and are doing all they can to continue to grant all privileges and favors possible.

They realize that many honest individuals are now unable to pay what they owe, through no fault of their own, which has caused much money to become "frozen" on their books. They feel that some have been more careless in the past than should be the case in the future. They believe that no person should obligate himself for more than he can pay when due.

Accounts are due and payable according to terms of purchase.

Most of our members have agreed that it is not good business for either the merchant or the customer to continue to charge to an account when any portion of that account is more than sixty days past due, and we are taking this opportunity to ask for your hearty cooperation with this policy.

Effective November 1, 1933, the following merchants have agreed that they will make no further charges to an account on their ledgers when any portion of that account is more than sixty days past due:

(Then follow the names of the merchants cooperating in the Community Credit Policy.)

This is the beginning of a Community Credit Policy in Baton Rouge and it is expected that eventually the plan will be made universal.

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After All—It's Collections That Count!

Why is it that so many credit managers, after they have failed in their collection efforts, turn accounts over to unknown and in most cases inefficient collection agencies?

Possibly they are lured by advertised low rates and "100 per cent returns" but in most cases low rates mean inefficient service and "100 per cent returns" are figments of elastic imaginations.

For the best possible service at reasonable fees—service you can depend on because it is bonded and carries the stamp of approval of the National Retail Credit Association—we recommend the collection units of the N. R. C. A. If your local credit bureau does not handle collections, they will tell you where to get this service.

Over five hundred dependable and efficient collection agencies are now listed *and bonded* by the N. R. C. A. and new units are being added monthly.

Just Plain Logic

(*Continued from page* 10.)

"In the future, the emphasis must be on paying habits rather than on the tangibles, such as wealth, realty, etc. Under the new credit policy, fast becoming operative throughout the country, the prompt payment record of an applicant for credit will be the only evidence of good credit. The old-fashioned plea of being 'good but slow' will have no place in the new economic conditions.

"Every participant in retail credit procedure will be required to perform his or her part promptly, honestly and faithfully, on definite due dates, in the same positive manner as is now done in banking. In many cities, interest charges are already being made on overdue retail accounts, and such accounts closed until definite terms are accepted. Everywhere, it has been demonstrated that persons with prompt paying records are receiving credit conveniences without delay."

The day of passing on credits by the "eyeball" method is gone. Along with the recognition generally being given today to trade associations, the local credit bureau comes into its true place in the modern set-up for safe and sane credit extension. Use your bureau—learn all you can about other debts your applicant may owe before adding more to his and your difficulties.

The old methods of credit extension, competitive terms, the take-a-chance idea, won't fit these new conditions. We are facing the new system of socialized economy. The way points to cooperative action among all retailers, and especially in credit control.

Credit granters! Arouse your profession in this cause! Take this new picture to your store owner and manager. Talk it over with them. With them meet the retailers of your community. Draw up your own Community Credit Control Code. Take your public into your confidence. Show them that merchants or others who encourage past due credits are unfair—for the public pays the bill. Recreate that worthy slogan of the National Retail Credit Association: *"Treat Your Credit as a Sacred Trust."*

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Habein Goes to Hawaiian Islands

Floyd J. Habein, Secretary-Treasurer of the Commercial Service Association of Butte, Montana, Secretary of the Montana Association of Credit Bureaus, and for years an outstanding figure in credit reporting in the Northwest, will leave about December 25 for Honolulu for the purpose of making a survey of the Hawaiian Islands and interesting the merchants in establishing credit bureaus in the important cities.

The volume of credit business in the Islands has been increasing rapidly and Mr. Habein believes now is the time to systematize and safeguard it. He plans to have these bureaus affiliated with the National Retail Credit Association.

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"The Retail Collector"—

Subtitled "A Practical Credit and Collection Manual for Retailers," this little book is really a handy handbook, as it covers all the little vexing problems that come up in the daily grind in credit and collection departments. Step by step it covers such problems thoroughly as you will see from the chapter headings:

Strategy in Granting Credit, Tested Collection Strategy, The Use of Post Cards in Collections, Telephone Collections, Handling Promises or Excuses, Collecting by Personal Contact, Installment Selling and Collections, Dealing With Collection Agencies, Helping the Hard-Pressed Debtor, Locating Skips, Keeping Track of Follow-Ups.

The National Office has secured a limited quantity of these books and can supply them to members, while they last, at the special price of 75 cents each. Order from the National Retail Credit Assn., 1218 Olive St., St. Louis, Mo.

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Used Dictaphone Wanted

One of our collection affiliates is in the market for a used Dictaphone outfit. Write complete information, condition and price, to Box 123, The Credit World.

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Available—Business Manager for Clinic, Hospital or Doctors' Group

One of our subscribers, well recommended, seeks a position (around January 1) as Business Manager of a large clinic or hospital. Twelve years' experience in this work: nine years as Business Manager of a large clinic, three years as Business Manager for large group of doctors.

At present employed but desires change with larger opportunity. Age 40, married. Holds diploma (with a final grade of 98 per cent) in N. R. C. A. Credit Course. Address all communications: Box 121, The Credit World.

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